	Attachment A Offer and Acceptance	ARIZONA DEPARTMENT OF HEALTH SERVICES
	SOLICITATION NO: ADHS13-00002633	1740 West Adams Street, Room 303 Phoenix, Arizona 85007 (602) 542-1040 (602) 542-1741 Fax

OFFER

TO THE STATE OF ARIZONA:

The Undersigned hereby offers and agrees to furnish the material, service or construction in compliance with all terms, conditions, specifications and amendments in the Solicitation and any written exceptions in the offer.

Arizona Transaction (Sales) Privilege Tax License No:

N/A

Federal Employer Identification No:

26-0446321

Phone: 602-427-4600

Fax: 602-427-4613

E-Mail: suzanner@crisisnetwork.org

Crisis Response Network Inc.

Company Name

Suzanne Rabsideau

Signature of Person Authorized to Sign Offer

1275 W Washington Street Suite 201

Address

Suzanne Rabsideau

Printed Name

Tempe AZ 85281

City State Zip

CEO

Title

By signature in the Offer section above, the Offeror certifies:

- 1 The submission of the Offer did not involve collusion or other anticompetitive practices
- 2 The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 75.5 or A.R.S. §§ 41-1461 through 1465.
- 3 The Offeror has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer. any resulting contract and may be subject to legal remedies provided by law

ACCEPTANCE OF OFFER

The Offer is hereby accepted

The Contractor is now bound to sell the materials or services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by the State.

This Contract Number will be assigned after award. The Contractor has been cautioned not to commence any billable work or to provide any material or service under this Contract until Contractor receives purchase order, contract release document or written notice to proceed

State of Arizona
Awarded this

14th day of May 20 13

Christine Rube

Procurement Officer



STATE OF ARIZONA
Department of Health Services
NOTICE OF REQUEST FOR PROPOSAL

**ARIZONA DEPARTMENT
OF HEALTH SERVICES**
1740 West Adams Street
Phoenix, Arizona 85007
(602) 542-1040
(602) 542-1741 Fax

SOLICITATION NUMBER:

ADHS13-00002633

SOLICITATION DUE DATE/TIME:

March 7, 2013 at 3:00 P.M. Arizona Time

SUBMITTAL LOCATION:

Submit via ProcureAZ

<https://procure.az.gov/bsa/login.jsp>

DESCRIPTION:

**Serious Mental Illness Eligibility Determination Department of Health
Services/Division of Behavioral Health**

PRE-OFFER CONFERENCE:

February 19, 2013

2:00 p.m.

1740 W. Adams, Room 309

Phoenix, AZ 85007

Date

Time

Location

In accordance with A.R.S. § 41-2534, competitive sealed proposals for the services specified will be received by the Arizona Department of Health Services (ADHS) online in the State of Arizona's online procurement system, Procure.az.gov (ProcureAZ). Proposals received by the due date and time will be opened. The name of each Offeror will be publicly available. Proposals must be submitted in the State ProcureAZ system on or prior to the date and time indicated. Late proposals will not be considered. It is the responsibility of the supplier/offeror to routinely check the ADHS web site for Solicitation Amendments. Additional instructions for preparing an Offer are included in this solicitation.

With seventy-two (72) hours prior notice, persons with disabilities may request special accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Such requests are to be addressed to the Solicitation contact person named below.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION

Solicitation Contact Person:

Ms. Elena Beeman

Arizona Department of Health Services

(602) 364-2116

E-mail: Elena.Beeman@azdhs.gov

<p style="text-align: center;">SOLICITATION PARTS SUMMARY SOLICITATION NUMBER: ADHS13-00002633</p>
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*The following table of contents applies to all attachment documents in
ProcureAZ for this Solicitation*

<u>SECTION</u>	<u>TITLE</u>	<u>CONTENT</u>
Part One (1)	Pre-Solicitation Documents	Legal Notice
Part Two (2)	Solicitation	*Included in Part Two (2) of this document: Notice Page, Table of Contents, Scope of Work, Special Terms and Conditions, and Exhibits
Part Three (3)	Uniform T's & C's	Uniform Terms and Conditions
Part Four (4)	Uniform Instructions	Uniform Instructions to Offerors
Part Five (5)	Special Instructions	Special Instructions to Offerors
Part Six (6)	Attachments	Offer and Acceptance, Attachments

ADHS LEGAL NOTICE

The Arizona Department of Health Services (ADHS) is requesting Proposals for the following project:

ADHS13-00002633 – Serious Mental Illness Eligibility Determination

A copy of the Request for Proposal (RFP) may be obtained by visiting <https://procure.az.gov>:

For information contact Elena Beeman at (602) 542-2944, Elena.Beeman@azdhs.gov
or 1-800-367-8939 (TDD).

ARIZONA DEPARTMENT OF HEALTH SERVICES

Inter-Office Memorandum

DATE: February 6, 2013

TO: File

FROM: Elena Beeman
Procurement Specialist

SUBJECT: Determination to use the Request for Proposal (RFP) Process

In accordance with Arizona Administrative Code, R2-7-301, that it is in the State's best interest to issue a request for competitive sealed proposals to obtain a Serious Mental Illness Determination for Behavioral Health.

Competitive sealed bidding is not practicable or advantageous to the State because:

1. The complex requirements of the proposal require the need to evaluate offers based on factors other than cost;
2. Oral or written discussions with Offerors regarding experience, method of approach and cost may be needed;
3. It may be necessary to afford Offerors an opportunity to revise their proposals by submitting Final Proposal Revisions;
4. The Contract award will not be made on cost being the sole determining factor.

(Signature) 

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1 INTRODUCTION

1.1 Purpose

The purpose of this Contract is to prescribe the requirements for the Contractor who will be conducting Serious Mental Illness (SMI) determinations in the Geographic Service Area (GSA) six (6).

1.2 Background

The Arizona Department of Health Services' (ADHS') vision is to promote health and wellness for all Arizonans, and its mission is to promote, protect, and improve the health and wellness of individuals and communities in Arizona.

The Division of Behavioral Health Services (DBHS) operates as a division within ADHS administering the State's public behavioral health system and programs to deliver behavioral health services to eligible populations, including persons with a serious mental illness.

A critical component of the ADHS service delivery system is the effective and efficient identification of persons who have special behavioral health service needs due to significant functional impairments resulting from behavioral health disorders. One such population is persons with SMI. Without receipt of appropriate care, these persons are at high risk for further deterioration of their physical and mental conditions, increased hospitalizations, and potential homelessness and incarceration.

Accordingly, ADHS has been statutorily mandated to establish an eligibility determination process to identify whether an individual meets the statutory definition of "seriously mentally ill," as defined in Arizona Revised Statute (ARS) §36-550.4.

ADHS has developed a standardized process and criteria to determine SMI eligibility to ensure that persons with SMI are promptly identified and enrolled for services, SMI eligibility criteria is applied to the information obtained through the behavioral health assessment, the assessor's evaluation of whether the individual meets the SMI eligibility criteria, and all relevant treatment records to make a final determination of SMI eligibility. The Contractor shall be responsible for rendering final SMI Eligibility Determinations, the grievance system requirements, and all administrative responsibilities related thereto for GSA 6.

2 POPULATION

The Contractor shall:

- 2.1** Conduct SMI eligibility determinations for GSA 6 upon receiving referrals from a Regional Behavioral Health Authority (RBHA) designated provider or an ADHS approved entity for the following population:
 - 2.1.1** Persons over the age of eighteen (18) who have not previously been determined SMI eligible, and who have been assessed and referred for an SMI eligibility determination;
 - 2.1.2** Persons aged seventeen (17) and six (6) months or older who are currently enrolled in the GSA 6 RBHA child services system, and have been assessed and referred for an SMI eligibility determination; and
 - 2.1.3** Persons who are behavioral health recipients and are currently enrolled with a SMI, for whom the RBHA designated provider or an ADHS approved entity has requested a review of the SMI eligibility determination.

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3 SCOPE OF SERVICES

The Contractor shall:

- 3.1** Conduct SMI eligibility determinations for GSA 6 in accordance with the ADHS Provider Manual Section 3.10, "SMI Eligibility Determinations," all applicable state laws and the requirements in this Contract.
- 3.2** Perform the SMI eligibility determination related grievance system requirements as required in the ADHS/DBHS Policy and Procedures Manual Section GA 3.5, Notice and Appeal Requirements (SMI and Non-SMI/Non-TXIX/XXI), and the ADHS/DBHS Policy and Procedures Manual Section GA 3.6, Complaint Resolution, and with all the applicable state laws and the requirements in the Contract.
- 3.3** Communicate the results of the SMI eligibility determination process to the parties required under this Contract.
 - 3.3.1** Comply with the requirements of all Documents Incorporated by Reference (DIBR).
 - 3.3.1.1** Have thirty (30) days from the date of notification by ADHS to communicate to ADHS any disagreement with the change(s) to the DIBRs. Contractor's notification does not preclude the requirement for Contractor to comply with the change(s).

4 QUALITY MANAGEMENT (QM)

The Contractor shall:

- 4.1** Establish and implement a quality management program, plan and processes, subject to ADHS approval, designed to monitor and ensure Contractor's timely and accurate SMI eligibility determinations.
- 4.2** Include in the quality management plan the following:
 - 4.2.1** Mechanisms to solicit and utilize feedback and recommendations from key stakeholders to improve services under this Contract.
 - 4.2.2** Inter-rater reliability training and monitoring with the staff making SMI eligibility determinations within thirty (30) days of hire and quarterly monitoring thereafter.
 - 4.2.3** Use of information and data acquired through the grievance system processes to improve services provided under this Contract.
 - 4.2.4** A process to disseminate key performance indicators to ADHS and key stakeholders.
- 4.3** Ensure that the Contractor's Chief Medical Officer (CMO) oversees the quality management program, plan and processes.

5 CULTURAL COMPETENCY

The Contractor shall:

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- 5.1 Upon request, provide documentation to include, but is not limited to: demographics, data analysis and reporting of the population served within the geographical service area to ensure a comprehensive understanding of the factors which may impact and influence SMI eligibility determination processes within underserved/underrepresented populations;
- 5.2 Address concerns raised by ADHS in terms of cultural preferences/influences: age, race, ethnicity, primary language, sex, culture, faith, spiritual beliefs, gender identity, sexual orientation, tribal affiliation, and language needs during the SMI eligibility determination process;
- 5.3 Conduct SMI eligibility determination processes in accordance with the requirements contained in the PM Section 3.23 Cultural Competency, [21 CFR 438.206(c)(2)], Title VI of the Civil Rights Act of 1964, Executive Order No. 13166: Improving Access to Services for Persons with Limited English Proficiency, and the Culturally and Linguistically Appropriate Services Standards (CLAS); and
- 5.4 Provide interpretation, language translation, and/or assistance for the visual or hearing impaired, free of charge;

6 COMMUNICATON GUIDELINES

The Contractor shall:

- 6.1 Be accessible by phone during normal business hours, with both a local and a toll free number;
- 6.2 Use alternative communication formats when indicated, and notify persons that such formats are available and how to access them;
- 6.3 Upon request, assist ADHS in the dissemination of information prepared by ADHS or other governmental agencies, of the persons receiving SMI eligibility determination and pay for the cost to disseminate and communicate information;
- 6.4 Use easily understood language and formats in any written materials provided; and
- 6.5 Comply with the ADHS Social Networking policy (and any other DBHS Communications Policies as applicable) and upon request, provide compliance documentation.

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7 INFORMATION SYSTEMS

The Contractor shall:

- 7.1 Maintain an Information System which, at a minimum, is capable of receiving, storing, transmitting and reporting on client level assessment and grievance and appeal information;
- 7.2 Abide by the data transmission formats, rules and standards detailed in the Client Information System (CIS) File Layouts and Specifications Manual;
- 7.3 Comply with all data submission standards, including correction and resubmission, as required by ADHS;
- 7.4 Accept ADHS rejection of data submissions that are not in compliance with these standards;
- 7.5 Submit exchanged data information in accordance with all procedures, policies, rules, regulations or statutes in effect during the term of this contract. If any of these procedures, policies, rules, regulations or statutes are changed, both parties agree to conform to these changes following notification by ADHS;
- 7.6 Bear the cost to make any adjustments to correct its records due to any unreported inconsistencies subsequently discovered;
- 7.7 Make available all components of its Management Information System (MIS) system for review or audit upon request by ADHS. The Contractor's MIS, or any component thereof, is subject to ADHS approval if ADHS determines that the system cannot be sustained or is unable to comply with the requirements of this Contract;
- 7.8 Establish and maintain a T1 line or greater;
- 7.9 Develop and maintain security precautions for email transmission in accordance with the Health Insurance Portability and Accountability Act (HIPAA), the Health Information Technology for Economic and Clinical Health Act (HITECH), Title XIII, Subsection D of the American Recovery and Reinvestment Act of 2009 (ARRA), and consistent with ADHS systems and encryption methods. Security precautions shall be compatible with Secure Sockets Layer (SSL) encryption for File Transfer Protocol (FTP) and Global Certs Gateway for secure e-mail; and
- 7.10 Have a current antivirus patch system process for security updates and a log to record the updates.

8 Data Collection

8.1 Requirements

The Contractor shall:

- 8.1.1 Coordinate and cooperate with ADHS by establishing and implementing systems or processes for communication, consultation, data sharing and exchange of information;
- 8.1.2 Within one (1) business day of receipt of a referral request for an SMI eligibility determination, the Contractor shall supply the following information to ADHS via a secured FTP server, or an ADHS-administered web portal, as directed by ADHS for

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every referral:

- 8.1.2.1 Client Information System Identification Number (CIS ID);
 - 8.1.2.2 (Arizona Health Care Cost Containment System (AHCCCS) ID (if applicable);
 - 8.1.2.3 Applicant/Member First Name;
 - 8.1.2.4 Applicant/Member Last Name;
 - 8.1.2.5 Applicant/Member Date of Birth;
 - 8.1.2.6 Referral Date;
 - 8.1.2.7 Referral Source;
 - 8.1.2.8 Pended status (20-day or 90-day pend extension);
 - 8.1.2.9 Pended status date; and
 - 8.1.2.10 Reason for pend status.
- 8.1.3 Upon successful submission of the information required in 8.1.2, ADHS will supply the Contractor with a unique Case ID for each Applicant/Member referral. This case ID will remain open until the SMI eligibility determination process has been finalized and it is to be referred to when completing the requirements outlined in 8.1.4.
- 8.1.4 Upon completion of the SMI eligibility determination process for each case identified in 8.1.2, and in accordance with the timeliness requirements as applicable to Arizona Revised Statutes, or the Arizona Administrative Code, the Contractor shall supply the following information to ADHS via a secured FTP server, or an ADHS-administered web portal, as directed by ADHS, and input the final decision to the approved ADHS web portal for immediate notification to AHCCCS and the RBHA:
- 8.1.4.1 SMI Eligibility Determination Finding;
 - 8.1.4.2 SMI Eligibility Determination (yes or no);
 - 8.1.4.3 Reason for SMI Eligibility Denial (if applicable);
 - 8.1.4.4 SMI Eligibility Determination / Review Decision Date;
 - 8.1.4.5 Diagnostic and Statistical Manual of Mental Disorders, 4th Edition (DSM-IV or most current version) AXIS 1.1 through AXIS 1.5 Diagnoses;
 - 8.1.4.6 Global Assessment of Functioning Score (GAF);
 - 8.1.4.7 Name and Title of the person who conducted the SMI Eligibility Determination Evaluation Assessment;
 - 8.1.4.8 Name of the Licensed Behavioral Health Medical Practitioner or Behavioral Health Professional who rendered the SMI Eligibility Determination Evaluation Assessment and Decision;
 - 8.1.4.9 SMI Check Box A or B, is checked pursuant to Provider Manual Form 3.10.1, to indicate whether the person meets Supplemental Security Income (SSI) or Medical Assistance Only (MAO) criteria;
 - 8.1.4.10 If extension is required, date of request and end of the extension; and
 - 8.1.4.11 Additional case notes as applicable.
- 8.1.5 Develop and maintain systematic processes that rely on case file reviews, complaint data, utilization data and grievance and appeal data to identify providers who require

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training or technical assistance in completion of the SMI Eligibility Determination Evaluation assessment packets and inform ADHS of these findings not less than quarterly for follow-up actions.

8.2 Appeals Data Submission Requirements

The Contractor shall:

- 8.2.1 Submit grievance and appeal information into the ADHS/DBHS Office of Grievances and Appeals database in accordance with Office of Grievances and Appeals Database Manual.
- 8.2.2 Submit initial and updated entries in the ADHS/DBHS Office of Grievances and Appeals database within three (3) working days of an event requiring entry.

9 ADMINISTRATIVE REQUIREMENTS

9.1 General Requirements

The Contractor shall:

- 9.1.1 Develop and maintain policies and procedures in accordance with Contractor's business practices that:
 - 9.1.1.1 Comply with ADHS requirements;
 - 9.1.1.2 Are written in a consistent format for each functional area;
 - 9.1.1.3 Are reviewed and revised when necessary to reflect current practices; and
 - 9.1.1.4 Are dated and signed by the Contractor's key personnel.
- 9.1.2 Develop written protocols for the implementation of the Contract requirements.
- 9.1.3 Provide in writing to ADHS within thirty (30) days in advance the notice of changes to Contractor processes, plans, policies and procedures that are relevant to the scope of services.
- 9.1.4 Develop job descriptions in a consistent format for each of the Contractor's functional areas.
- 9.1.5 Hire additional staff members, to correct non-compliance with the requirements of this Contract, as directed by ADHS.
- 9.1.6 Comply with the referral, reporting, monitoring, and other administrative requirements in accordance with the applicable requirements outlined in ADHS policies, procedures and the DIBRs.
- 9.1.7 Give precedence to the requirements in this Contract in the event of any discrepancy between DIBRs and the requirements in this Contract.
- 9.1.8 Establish collaborative working relationships with other entities involved in the SMI eligibility determination process.
- 9.1.9 Participate in face-to-face meetings with ADHS upon request for purposes of assessing Contractor's compliance and provide appropriate staff for attendance and participation in

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meetings and events scheduled or required by ADHS. Contractor's attendance at meetings and events scheduled by ADHS is mandatory unless otherwise instructed.

9.2 Organizational Structure

The Contractor shall:

- 9.2.1 Operate as a single entity responsible for rendering SMI eligibility determinations decisions and implementing SMI eligibility grievance system requirements in GSA 6.
- 9.2.2 Have the organizational, operational, managerial, staffing and administrative systems in an easily accessible professional office space, capable of fulfilling all the Contract requirements in accordance with ADHS policy.
- 9.2.3 Maintain a current personnel organizational chart that identifies key personnel and the organization's reporting structure. This organizational chart shall be updated and provided annually to ADHS and upon request.
- 9.2.4 Have the key personnel working full-time in a location within GSA 6 to meet the requirements of this Contract.

9.3 Key Personnel

The Contractor shall employ, at a minimum, the following key personnel to work fulltime:

- 9.3.1 CMO, who:
 - 9.3.1.1 Resides in Arizona;
 - 9.3.1.2 Is an Arizona-licensed physician, board-certified in psychiatry;
 - 9.3.1.3 Manages, oversees, implements, interprets and approves clinical-medical policies and procedures;
 - 9.3.1.4 Is responsible for and oversees the SMI eligibility determination functions, including the quality management program; and
 - 9.3.1.5 Attends monthly ADHS Medical Director Meetings as requested by ADHS.
- 9.3.2 Grievance System Administrator, who:
 - 9.3.2.1 Is a licensed attorney or who has a Juris Doctor Degree from an accredited institution; and
 - 9.3.2.2 Manages, oversees, implements and administers all grievance system processes and requirements.

9.4 Notifications Regarding Key Personnel

The Contractor shall:

- 9.4.1 Submit the name, resume and birth date of the key personnel to ADHS at the time of hire, resignation, termination, or if in an interim or acting position. Notification must include the following:
 - 9.4.1.1 The person's name and position title;
 - 9.4.1.2 The effective date of the vacancy or absence; and

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9.4.1.3 The effective date the newly hired person will start in the position.

9.4.2 Immediately inform ADHS verbally, and provide written notice to ADHS within seven (7) days after the date of a resignation or termination of key personnel and provide the name and contact information of the interim person that will be performing the duties of this key personnel person.

9.4.3 Upon ADHS request, submit a written plan for replacing a key personnel position.

9.5 Personnel Licensing and Verification Requirements

The Contractor shall:

9.5.1 Verify that all psychiatrists, psychologists and nurse practitioners conducting SMI eligibility determinations are currently licensed pursuant to ARS Title 32, Chapter 13, Chapter 19.1, or Chapter 15.

9.5.2 Maintain appropriate confidential files, which include evidence of current licenses, certifications, education, training, work history, background and peer review for all professionals providing services under this Contract.

9.5.3 Require all staff members, whether employed or under contract, to have the training, education, experience, orientation and license, as applicable to perform assigned job duties.

9.5.4 Verify whether any employees and contractors have been excluded from participation in federal health care programs utilizing the US Department of Health and Human Services (HHS).Office of Inspector General (OIG) website, www.oig.hhs.gov and report on a quarterly basis to the Bureau of Corporate Compliance on the outcome of this HHS verification.

9.5.5 Conduct background checks to avoid hiring or continuing employment for any individual, entity or affiliate that has been disbarred, suspended or lawfully prohibited from participating in any public procurement activity, or from participating in non-procurement activities under regulations issued under Executive Order No. 12549 or under guidelines implementing Executive Order No. 12549 (42 CFR 438 610(a) and (b); 42 CFR 1001.1901(b); 42 CFR 1003.102(a)(2)).

9.6 Training Requirements

The Contractor shall:

9.6.1 Provide initial and ongoing training for staff members necessary for knowledge, education and skills in what is required to render an SMI eligibility determination decision and to administer related grievance system requirements, and state laws in order to ensure high quality services for all individuals accessing and receiving services in the public behavioral health system as applicable in ADHS/DBHS Policy.

9.6.2 Ensure the SMI eligibility determination process is culturally appropriate and culturally relevant; all training requirements and activities shall include a cultural competency component to develop a qualified, knowledgeable and culturally competency workforce.

9.6.3 Ensure that appropriate training and technical assistance is available to staff when contractor issues or deficiencies are identified and work collaboratively with ADHS to deliver training deemed necessary by ADHS.

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9.6.4 Upon request, submit training curricula to ADHS.

9.7 SMI Eligibility Determination Record(s) and Supporting Documentation

The Contractor shall:

- 9.7.1 Establish and implement policies and procedures consistent with the confidentiality requirements in 42 CFR 431.300 et. seq.; 42 CFR 438.224; 45 CFR parts 160 and 164; 42 CFR part 2 and ARS § 36-509, for records and any other protected health information covered under HIPAA.
- 9.7.2 Comply with the records maintenance and privacy requirements consistent with: Provider Manual Sections 4.1 Disclosure of Behavioral Health Information; 4.2 Behavioral Health Medical Record Standards; 42 CFR 431.300 et. seq.; 42 CFR 438.224; 45 CFR parts 160 and 164; 42 CFR part 2 and ARS § 36-509 for all consents.
- 9.7.3 Develop business associate agreements with all RBHAs, Provider Network Organizations (PNOs) in GSA 6 and designated providers to facilitate efficient transfer of records to obtain or verify appropriate consents or releases, as necessary.
- 9.7.4 Maintain copies, for ADHS review, of all consent and authorization documents obtained for purposes of rendering an SMI eligibility determination, including information received without written consent or authorization in an easily accessible professional office space capable of fulfilling all the Contract requirements in accordance with ADHS policy..
- 9.7.5 Maintain organized, legible, signed and dated records for each SMI eligibility determination that:
 - 9.7.5.1 Contain all information and records considered, reviewed and used in rendering the SMI eligibility determination;
 - 9.7.5.2 Contain the basis for making an SMI eligibility determination that is written in a detailed and comprehensive manner;
 - 9.7.5.3 Conform to good professional practice; and permits effective professional review and audit processes.
- 9.7.6 Provide ADHS access to all information and records, whether electronic or paper, within the time specified by ADHS.
 - 9.7.6.1 Provide complete information to ADHS as requested, in a format approved by ADHS, no later than twenty (20) days after the receipt of the request, unless otherwise specified in the request itself.
 - 9.7.6.2 Be responsible for submission of late, inaccurate or otherwise incomplete reports which shall constitute a failure to report and may be subject to sanction or penalties as determined by ADHS.
- 9.7.7 Agree that all information, records and data relating to this Contract is the property of ADHS and must be surrendered upon request, in a specific format, electronic or otherwise, as requested by ADHS.
- 9.7.8 In the event of expiration, termination or suspension of the Contract, the Contractor shall transfer all information, records and data relating to this Contract as directed by ADHS within the time specified or be subject to sanctions or penalties as determined by ADHS.
- 9.7.9 Maintain and preserve all records and information relating to SMI eligibility determinations

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for a period of six (6) years from the date of the final payment under this Contract.

- 9.7.10 Maintain and preserve the grievance and appeals process records and information for a period of five (5) years after the date of the final disposition and resolution thereof.

9.8 Business Continuity and Recovery Plan

The Contractor shall:

- 9.8.1 Develop, maintain and annually test a Business Continuity and Recovery Plan to manage unexpected events that may negatively and significantly impact its ability to meet the requirements specified in this Contract.
- 9.8.2 Specify in the plan, at a minimum, strategies to address:
- 9.8.2.1 Loss of power or telephonic failure at the Contractor's place of business or the loss of communication with designated intake providers that send referrals for SMI eligibility determinations;
 - 9.8.2.2 Loss of the use of the Contractor's main site;
 - 9.8.2.3 Loss of primary electronic information systems, including computer systems and records;
 - 9.8.2.4 Strategies to communicate with referral sources and ADHS in the event of a business disruption;
 - 9.8.2.5 Specific timelines for resumption of services provided pursuant to this Contract. The timelines should note the percentage of recover sections along the timelines and key actions required to meet those timelines; and
 - 9.8.2.6 Periodic testing that assures tasks associated with this Contract are being completed within the required timeframes.

9.9 Legislative, Legal and Regulatory Issues

ADHS will:

- 9.9.1 Notify the Contractor of any program changes due to new or changing federal or state requirements.
- 9.9.2 Amend the Contract to reflect these changes in future Contract Amendments.

The Contractor shall:

- 9.9.3 Immediately comply with program changes based on federal or state requirements that are current, pending or which may be enacted after the Contract Award Date.
- 9.9.4 Immediately comply with legislative changes, directives, regulatory changes or court orders related to any term in this Contract.
- 9.9.5 Comply with requirements as directed by ADHS contained in the Arnold v. Sarn, Maricopa County Superior Court, No. C-432355.
- 9.9.6 Comply with requirements as directed by ADHS contained in the JK v. Humble, United States District Court, District of Arizona, No. CIV 91-261 TUC JMR.
- 9.9.7 Agree to an adjustment of capitation rates initiated by ADHS prior to the Contract

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Performance Start Date or at any time during the Contract Term, for impacted caused by health care reform, and program and other changes that affect contractor requirements.

9.10 Corporate Compliance

The Contractor shall:

- 9.10.1 Have a Corporate Compliance Program to deter and detect fraud and abuse which shall include the following:
 - 9.10.1.1 Written policies, procedures and standards of conduct that describes the Contractor's commitment to comply with all applicable federal and state standards;
 - 9.10.1.2 Training of all employees on detecting and reporting fraud and abuse;
 - 9.10.1.3 A process to conduct internal and external fraud and abuse audits, monitoring and investigations to discover or identify suspected fraud and abuse within the Contractor's organization and its subcontractors, or providers;
 - 9.10.1.4 A mechanism for enforcement of standards through well-publicized disciplinary guidelines;
 - 9.10.1.5 A method to record, track and trend all fraud and abuse complaints received including those initiated by the Contractor and maintain the following information:
 - 9.10.1.5.1 Contact information of the complainant;
 - 9.10.1.5.2 Name and identifying information of person or entity suspected of fraud or abuse;
 - 9.10.1.5.3 Date complaint received;
 - 9.10.1.5.4 Nature of complaint and summary of concern;
 - 9.10.1.5.5 Potential loss amount and funding source;
 - 9.10.1.5.6 Contractor's unique case identifying number;
 - 9.10.1.5.7 The department or agency in which the complaint has been reported; and
 - 9.10.1.5.8 The current status or final disposition of the complaint.
 - 9.10.1.6 A process to promptly address fraud and abuse when detected that includes the implementation of corrective action plans (CAPS) as directed by ADHS (42 CFR 438.608).
 - 9.10.1.7 Within ten (10) business days of discovery, report all instances of suspected fraud and abuse involving Title XIX/XXI funds, AHCCCS providers or AHCCCS members to AHCCCS-OIG in writing.
 - 9.10.1.8 Use the AHCCCS reporting form with a copy sent to ADHS/DBHS-Office of Program Integrity (OPI), in accordance with ARS §§ 36-2918.01, AHCCCS Contractor Operation Manual, Chapter 100 and 42 CFR 455.1(a)(1)). Failure to comply with the requirement to report suspected fraud and abuse may result in the penalty described in ARS § 36-2992, and any other sanction, as determined by AHCCCS-OIG.
 - 9.10.1.9 Immediately report all instances of suspected fraud or abuse to ADHS/DBHS-OPI involving Non-Title XIX funds or any other funding.

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- 9.10.2 Develop and implement policies and procedures to prohibit the Contractor from knowingly having a relationship with any person, entity or affiliate that is disbarred, suspended or otherwise excluded from participating in procurement or non-procurement activities (42 CFR 438.610; 42 CFR 1001.1901 and Executive Order No. 12549).
- 9.10.3 Develop and implement policies and procedures for accessing the Excluded Provider List System (EPLS) and the Health and Human Services (HHS) List of Excluded Individuals/Entities (LEIE) databases to determine whether potential and existing employees and subcontractors have been disbarred, suspended or otherwise excluded from participating in procurement or non-procurement activities. All potential employees and subcontractors must be checked against the lists before hire and all existing employees and subcontractors must be checked against the lists on an annual basis.
- 9.10.4 Immediately notify AHCCCS-OIG of any confirmed instances of an excluded provider, employee or subcontractor that is or appears to be in a prohibited relationship with the Contractor or its subcontractors.
- 9.10.5 Develop and implement policies and train employees and subcontractors pursuant to the Deficit Reduction Act of 2005 (DRA) and the Federal False Claims act, 31 U.S.C. 3729-3733, provisions, including:
 - 9.10.5.1 The administrative remedies for false claims and statements;
 - 9.10.5.2 Any state laws relating to civil or criminal penalties for false claims and statements; and
 - 9.10.5.3 The whistleblower protections under such laws.
- 9.10.6 The Contractor shall submit all Corporate Compliance deliverables related to Corporate Compliance in accordance with the Deliverables Exhibit.

10 MONITORING REQUIREMENTS

10.1 Reporting Requirements

The Contractor shall:

- 10.1.1 Submit timely, accurate and complete reports or other information to ADHS as required in the Contract.
- 10.1.2 Be subject to corrective action or sanctions if a report or other information is submitted as untimely, inaccurate or incomplete.
- 10.1.3 Comply with the following submission standards:
 - 10.1.3.1 Timeliness: Reports or information submitted to ADHS on or before scheduled due dates to the following email address: bhscontractcompliance@azdhs.gov unless otherwise noted, by 5:00 p.m. Mountain Standard Time on the due date. Contractor may submit a written request for an extension of a reporting deadline, if the request is prior to the report due date, presents good cause for the extension and proposes a reasonable time for a new due date. If the Contractor is directed to submit a specific report to a location other than bhscontractcompliance@azdhs.gov, the Contractor shall post notification of the submission to bhscontractcompliance@azdhs.gov upon delivery to the alternate location.

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10.1.3.2 Accuracy: Reports or other information prepared and submitted in strict conformity with authoritative sources and report specifications.

10.1.3.3 Completeness: Reports or other information is disclosed in a manner that is both responsive and relevant to the report's purpose with no material omissions.

10.1.4 Comply with all report changes as specified by ADHS.

10.2 Contractor Performance Oversight

The Contractor shall:

10.2.1 Achieve the desired outcomes or maintain compliance with the Contract obligations.

10.2.2 Cooperate with any audit, investigation, administrative review, or other oversight activity as directed by ADHS.

10.2.3 Submit to ADHS, in advance, or as otherwise directed, all documents and information related to Contractor's policies, procedures, job descriptions, logs, clinical and business practices, financial reporting systems, quality indicators, timeliness, and any other information requested by ADHS.

10.2.4 Make available on-site, or through other methods as directed by ADHS, all requested eligibility, complaint and grievance and appeal records selected for the review.

10.2.5 Produce, as soon as possible, any documents during the review and when requested by ADHS, not requested in advance by ADHS.

10.2.6 Allow ADHS to have access to Contractor's personnel and staff, as identified in advance.

10.2.7 Provide ADHS with workspace, access to a telephone, electrical outlets, internet access and privacy for conferences if ADHS chooses to conduct the review or part of the review on-site.

10.2.8 Implement a Corrective Action Plan (CAP) when ADHS's review identifies deficiencies in performance.

10.2.8.1 Cooperate with ADHS's follow-up reviews, monitoring or audits at any time after the administrative review to determine the Contractor's progress in implementing a CAP.

10.2.8.2 Accept ADHS technical assistance, when offered.

10.2.8.3 Submit deliverables related to the administrative review as directed by ADHS.

10.3 Corrective Action, Notice to Cure, and Sanctions

ADHS may issue one (1) of the following remedies when ADHS determines the Contractor is non-compliant: Corrective Action, Notice to Cure, and/or Sanction(s). The type of remedy utilized by ADHS is at its sole discretion.

10.3.1 Corrective Action:

10.3.1.1 The Contractor shall develop and implement an ADHS-approved corrective action plan when ADHS determines and notifies the Contractor of non-compliance with any provision of this Contract.

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10.3.2 Notice to Cure:

- 10.3.2.1 The Contractor shall demonstrate compliance as determined by ADHS by the date specified in a written, ADHS-issued Notice to Cure or be subject to a financial sanction or any other available remedy under this Contract.

10.3.3 Sanctions:

The Contractor shall:

- 10.3.3.1 Be subject to financial sanctions for failure to comply with any term of this Contract, including, but not limited to:
- 10.3.3.1.1 Misrepresentation or falsification of information provided to ADHS;
 - 10.3.3.1.2 Noncompliance with financial viability standards;
 - 10.3.3.1.3 Noncompliance with applicable state or federal laws or regulations;
 - 10.3.3.1.4 Loss of any information contained in reports, deliverables and records; and
 - 10.3.3.1.5 Untimely, incomplete or inaccurate submission of reports, deliverables or other information requested by ADHS.
- 10.3.3.2 Complete all necessary steps to correct the violation that precipitated the sanction.

10.3.4 In the event of a sanction:

ADHS shall:

- 10.3.4.1 Consider the severity of the violation, and at its sole discretion, determine the amount of sanction.
- 10.3.4.2 Provide written notice to the Contractor specifying the amount of the sanction, the grounds for the sanction, the amount of funds to be withheld from the Contractor's payments, the steps necessary to avoid future sanctions and the Contractor's right to file a claims dispute with ADHS to challenge the sanction.

ADHS may:

- 10.3.4.3 Offset against any payments due the Contractor until the full sanction amount is paid.
- 10.3.4.4 Impose additional sanctions, which may be equal to or greater than the sanction imposed for the unresolved violation, in the event the Contractor fails to adequately correct the violation within established timeframes.
- 10.3.4.5 Reserve the right to implement a sanction if the fund accumulated deficit is not resolved in a timely manner or in the event of non-compliance by the Contractor.

10.4 For AHCCCS Imposed sanctions against ADHS, the Contractor shall:

- 10.4.1 Pay the amount of financial sanctions imposed by AHCCCS against ADHS for acts or omissions related to the Contractor's performance or non-performance of the terms of this Contract. The Contractor's payment shall not be due until AHCCCS has imposed financial sanctions against ADHS. If AHCCCS imposes sanctions upon ADHS:

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10.4.1.1 Either reimburse ADHS upon demand, or

10.4.1.2 Be subject to a withhold payment of any sanction.

11 GRIEVANCE SYSTEM REQUIREMENTS

For all persons referred for an SMI eligibility determination, the Contractor shall:

11.1 Implement and administer a grievance system, which include processes for the following:

11.1.1 Provision of required notice to applicants or members;

11.1.2 Complaint resolution; and

11.1.3 SMI eligibility determination appeals.

11.2 Establish and maintain a grievance system that complies with all applicable requirements in the federal and state laws and regulations, ADHS Policy and Procedure Manual, ADHS Provider Manual, and the requirements under this Contract.

11.2.1 Notify ADHS of any decision or subsequent appeal of the decision within prescribed timeframes.

11.2.2 Submit all deliverables related to the Grievance System as directed by ADHS.

11.2.3 Not delegate the administration or performance of the notice, complaint, or grievance and appeal processes.

11.2.4 Administer all grievance system processes competently, expeditiously, and equitably for all applicants and members to ensure that complaints and appeals are effectively and efficiently adjudicated and/or resolved.

11.2.5 Continuously review grievance system data to identify trends and opportunities for system improvement, take action to correct identified deficiencies, and otherwise implement modifications which improve the SMI eligibility determination and grievance system processes.

11.2.6 Provide ADHS with any the grievance system information, report or document within the time specified within the ADHS request.

11.2.7 Fully cooperate with ADHS in the event ADHS decides to intervene in, participate in or review any notice, complaint, or SMI eligibility determination appeal.

11.2.8 Comply with or implement any ADHS directive within the time specified pending formal resolution of the issue.

11.2.9 Designate a qualified individual staff person who will collaborate with ADHS to address grievance system-related concerns or problems.

11.2.10 The contractor shall provide and pay for all professional, paraprofessional, and clerical/administrative resources to represent the Contractor for appeals that rise to the level of an administrative or judicial hearing or proceeding. Absent prior written agreement with the Department to the contrary, the Contractor shall be responsible for payment of attorney fees and costs awarded to a claimant in any administrative or judicial proceeding.

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11.3 Grievances

The Contractor shall:

- 11.3.1 Develop and maintain a SMI grievance process that supports the protection of the rights of SMI members and has mechanisms to correct identified deficiencies on both an individual and systemic level.

11.4 Complaints

The Contractor shall:

- 11.4.1 Develop and maintain a complaint process easily accessible to applicants, members, the RBHA, providers and other stakeholders in a manner that offers appellants an opportunity to present a complaint in person at a convenient time and location for the member, and provide the privacy required by law, and that complies with all requirements in ADHS Provider Manual Section 5.2 Member Complaints (SMI and Non-SMI/Non-Title XIX/XXI) and ADHS Policy and Procedure GA 3.5, Notice and Appeal Requirements (SMI and Non-SMI/Non-Title XIX/XXI).
- 11.4.2 Respond to and resolve complaints in a courteous, responsive, effective, and timely manner.
- 11.4.3 Not engage in conduct to prohibit, discourage or interfere with an applicant's or member's right to assert a complaint or appeal.
- 11.4.4 Submit responses to the resolution of complaints as directed by ADHS.

11.5 Appeals

The Contractor shall:

- 11.5.1 Implement the SMI eligibility determination grievance and appeal processes in a manner that offers appellants an opportunity to present an appeal in person at a convenient time and location for the applicant / member, and provide the privacy required by law, and that complies with all requirements in ADHS Provider Manual Section 5.5 "Notice and Appeal Requirements (SMI and Non-SMI/Non-Title XIX/XXI)" and ADHS Policy and Procedure GA 3.5, Notice and Appeal Requirements (SMI and Non-SMI/Non-Title XIX/XXI).
- 11.5.2 Require all staff facilitating in person SMI and TXIX/XXI appeal conferences to have training in mediation, conflict resolution or problem solving techniques.

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12 FINANCIAL MANAGEMENT

The Contractor shall:

Be responsible for the cost for the SMI eligibility determination and grievance and appeal processes.

- 12.1** Be responsible for the costs associated with conducting follow-up evaluations in the event of a dispute between the applicant's treating behavioral health provider and the Contractor's SMI eligibility determination professional.
- 12.2** Develop and maintain internal controls and systems to separately account for ADHS related revenue and expenses and non-ADHS related revenue and expenses by type and program and manage, record, and report funds in accordance with the practices, procedures, and standards in the ADHS Accounting and Auditing Procedures Manual.
- 12.3** Submit Quarterly Financial Statements to ADHS Office of Financial Review forty-five (45) days after quarter end. Financial Statements shall be prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and shall separately report Title XIX and Non-Title XIX revenue and expenditures.
- 12.4** Provide clarification of accounting issues found in financial reports identified by ADHS/DBHS upon request.
- 12.5** Provide annual financial statements by Title XIX/XXI and Non-Title XXI/XXI audited by an independent certified public accountant prepared in accordance with the Generally Accepted Auditing Standards (GAAS) one-hundred twenty (120) days after the Contractor's year end. The Title XIX/XXI and Non-Title XXI/XXI audit may be reported in a supplemental schedule as part of the Contractor's annual audit.
- 12.6** Notify and reimburse ADHS within thirty (30) days of when the Contractor identifies an overpayment by ADHS.
- 12.7** Be responsible for any charges or expenses imposed for transfers or related actions in section 12.19.
- 12.8** Provide a per member per month (PMPM) price for the Title XIX/XXI population and a single annual price for the Non-Title XIX/XXI population to cover the contractor's cost for the SMI eligibility determination and grievance and appeal process using the Attachment C Price Bid Sheet Template. The Offer or should assume that all costs should be included in the bid amount. The Non-Title XIX/XXI price shall be equally divided by twelve (12) and paid monthly by ADHS.
- 12.9** Agree to an ADHS adjustment of capitation rates prior to Contract Performance Start Date or at any time during the Contract term for member month updates, impact caused by health care reform, and program and other changes that affect costs.
- 12.10** Upon receipt of request for information, the Contractor shall provide complete information as requested no later than thirty (30) days after the receipt of the request unless otherwise specified in the request itself.

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ADHS will:

- 12.11 Have the right, at any time during the term of this Contract, to request financial or other information from the Contractor.
- 12.12 Make payments to Contractor as Title XIX/XXI capitation payments and Non-Title XIX/XXI payments.
- 12.13 Provide funds that are subject to availability and the terms and conditions of this Contract.
- 12.14 Pay the Contractor, provided that the Contractor's performance is in compliance with the terms and conditions of this Contract.
- 12.15 Not be responsible for payment to Contractor for any purchases, expenditures or subcontracts made by the Contractor in anticipation of funding.
- 12.16 Make payments no later than the fifteenth (15th) working day of each month. ADHS retains the discretion to make payments using an alternative payment schedule.
- 12.17 Have the option to make payments to the Contractor by wire or National Automated Clearing House Association (NACHA) transfer and shall provide the Contractor at least thirty (30) days' notice prior to the effective date of any such change.
- 12.18 Not be liable for any error or delay in transfer or indirect or consequential damages arising from the use of the electronic funds transfer process where payments are made by electronic funds transfer.
- 12.19 Adjust payments when an error is discovered and may make a payment adjustment through a corresponding decrease in a current Contractor's payment or by processing an additional payment to the Contractor.

12.20 Capitalization Requirements

The Contractor shall:

- 12.20.1 Demonstrate on or before the Contract Performance Start Date, unencumbered capitalization.
- 12.20.2 Make security funds available to ADHS/DBHS upon default or nonperformance.
- 12.20.3 Demonstrate the maintenance of minimum capitalization (net assets/equity) requirement equal to ninety per cent (90%) of the combined monthly Title XIX capitation payment and Non-Title XIX payment to the Contractor through the contract term.
- 12.20.4 Maintain the capitalization requirement in addition to the requirements in Special Terms and Conditions Section CC, Performance Bond.

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13 IMPLEMENTATION

During Contract Transition Periods, the Contractor shall:

- 13.1** Collaborate with ADHS and the GSA 6 RBHA to develop transition activities to prevent interruption of services and promote continuity of SMI eligibility determinations and grievance system activities at start up and through periods of contract change in RBHAs, and their subcontractors and at the expiration of the Contract.
- 13.2** Comply with program changes or contract start date adjustments, based on federal, state or other requirements or circumstances that are unknown, pending or that may be enacted after Contract Award Date. Any changes due to new or changing federal, state or other requirements or circumstances will be reflected in future Contract Amendments.
- 13.3** Establish and implement, at a minimum the following activities:
 - 13.3.1 Define project management, and reporting standards and Contract deliverables;
 - 13.3.2 Establish communication protocols between the Contractor, ADHS, the GSA 6 RBHA, and referral source providers or organizations;
- 13.4** Develop and submit an Implementation Plan for ADHS' approval within ten (10) days of Contract award date that includes:
 - 13.4.1 Contract deliverables;
 - 13.4.2 A detailed description of its goals, objectives, methods, testing, and verification strategies to demonstrate full readiness to comply with and implement all requirements in this Contract on or before the Contract Performance Start Date;
 - 13.4.3 Identify key personnel responsible for the transition;
 - 13.4.4 Identify the individuals and number of staff assigned to the transition;
 - 13.4.5 Specific time frames for key milestones and completing tasks;
 - 13.4.6 Strategies for regular and ongoing communication to providers and system stakeholders;
 - 13.4.7 Strategies for implementing all requirements in the Contract.

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- 13.5 Provide ADHS with verbal and written Implementation Plan updates and cooperate and communicate with ADHS to resolve transition and implementation issues.
- 13.6 Cooperate with the Contractor Readiness Review during the Contract Transition Period and subsequent to the Contract Performance Start Date to assess the Contractor's readiness and ability to meet SMI eligibility determination, grievance system requirements and data transmission.
- 13.7 Correct deficiencies identified during the Contractor Readiness Review as identified by ADHS.
- 13.8 Not commence operations if the Contractor Readiness Review tasks are not met to ADHS satisfaction and a Master Blanket Purchase Order Release has not been issued.

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A. Definition of Terms

All of the definitions in the Uniform Terms and Conditions and Exhibit 1, "Definitions" are incorporated herein.

B. Purpose

Pursuant to provisions of the Arizona Procurement Code, A.R.S. 41-2501, et seq., the State of Arizona, Arizona Department of Health Services (ADHS) intends to establish a contract for the materials or services as listed herein.

C. Term of Contract

The "*Term of Contract*" shall commence on the Contract Award Date, include the Contract Transition Period and end thirty six (36) months after the Contract Performance Start Date. Contract Performance Start Date will begin on October 1, 2013, or at a date specified by ADHS, and shall continue for a period of three (3) years thereafter, unless terminated, canceled or extended as otherwise provided herein. The total Contract term for this section will be for three (3) years delivering services to members, plus the Contract Transition Period. The State refers to the first three (3) Contract periods during the Term of Contract as:

1. First Contract period: Starts on the Contract Award Date, includes the Contract Transition Period, and ends twelve (12) months after Contract Performance Start Date.
2. Second Contract period: Starts after the end of the first Contract period and ends (12) months later.
3. Third Contract period: Starts after the end of the second Contract period and ends twelve (12) months later.

D. Contract Extensions

Contract extension periods shall, if authorized by the State, begin after the "Term of Contract" section of these Special Terms and Conditions and are subject to two (2) additional successive periods of twelve (12) months per extension period. The State may extend the Contract for any period of time; extensions are not limited to twelve (12) month periods, but the Contract may not be extended in total beyond five (5) years beyond the Contract Performance Start Date. The State refers to Contract periods four (4) and five (5) during the Contract Extensions period as:

1. Fourth Contract period: Starts after the end of the third Contract period and ends twelve (12) months later.
2. Fifth Contract period: Starts after the end of the fourth Contract period and ends twelve (12) months later.

E. Contract Type X

Firm Fixed-Price. In accordance with Scope of Work, section titled "Financial Management."

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G. Non-Exclusive Contract

Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of the State of Arizona. The State reserves the right to obtain like goods or services from another source when necessary, or when determined to be in the best interest of the State.

H. Volume of Work

The ADHS does not guarantee a specific amount of work either for the life of the Contract or on an annual basis.

I. Employees of the Contractor

All employees of the Contractor employed in the performance of work under the Contract shall be considered employees of the Contractor at all times, and not employees of the ADHS or the State. The Contractor shall comply with the Social Security Act, Workman's Compensation laws and Unemployment laws of the State of Arizona and all State, local and Federal legislation relevant to the Contractor's business.

J. Order Process

The award of a contract shall be in accordance with the Arizona Procurement Code. Any attempt to represent any material and/or service not specifically awarded as being under contract with ADHS is a violation of the Contract and the Arizona Procurement Code. Any such action is subject to the legal and contractual remedies available to the state inclusive of, but not limited to, Contract cancellation, suspension and/or debarment of the Contractor.

K. Inspection, Acceptance and Performance Standards

1. All services, data and required reports are subject to final inspection, review, evaluation and acceptance by the ADHS. The Contractor warrants that all services provided under this Contract will conform to the requirements stated herein. Should the Contractor fail to provide all required services or deliver work products in accordance with Contract standards or requirements, the State shall be entitled to invoke applicable remedies, including but not limited to, withholding payment to the Contractor and declaring the Contractor in material breach of the Contract. If the Contractor is in any manner in default of any obligation or the Contractor's work or performance is determined by the State to be defective, sub-standard, or if audit exceptions are identified, the State may, in addition to other available remedies, either adjust the amount of payment or withhold payment until satisfactory resolution of the default, defect, exception or sub-standard performance. The Contractor shall reimburse the state on demand, or the State may deduct from future payments, any amounts paid for work products or performance which are determined to be an audit exception, defective or sub-standard performance. The Contractor shall correct its mistakes or errors without additional cost to the State. The State shall be the sole determiner as to defective or sub-standard performance.
2. At any time during the term of this Contract, the Contractor and its subcontractors shall fully cooperate with inspections by ADHS, AHCCCS, the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) the Comptroller General, the U.S. Office of Civil Rights, or any authorized representative of the Federal or State governments. The Contractor and its subcontractors shall allow the authorized representative of the Federal and State government:

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2.1. Access to the Contractor's and subcontractor's staff and members.

2.2. Access to books and records related to the performance of the Contract or subcontracts for inspection, audit and reproduction. This shall include allowing ADHS to inspect the personnel and training records of any employee who works on the Contract.

2.3. On-site inspection, or other means, for the purpose of evaluating the quality, appropriateness, timeliness, and safety of services performed under this Contract. This inspection shall be conducted at reasonable times unless the situation warrants otherwise.

L. Prohibited Entities

1. The State may, at its discretion, communicate directly with the governing body or Parent Corporation of the Contractor regarding the performance of the Contractor or the performance of a subcontractor.
2. The State prohibits a regional behavior health authority and providers who provide case management services to individuals with a serious mental illness, and any parent company or subsidiary company related thereto, from performing the requirements of this Contract.

M. Conflict of Interest

The Contractor shall not knowingly engage in any actions or establish any relationships, arrangements, contracts or subcontracted provisions that would create a potential or actual conflict of interest (COI) regarding the performance of this Contract. If the Contractor discovers a COI and does not immediately notify ADHS and discontinue any related activities or relationships, ADHS may consider the Contractor to be in breach of this Contract. If, as a result of a COI, ADHS incurs a financial loss to a State or federal program or the Contractor realizes an inappropriate financial gain to its organization, an employee or subcontractor, such loss or gain shall be considered an overpayment subject to recoupment by ADHS. In addition to exercising its remedies under this Contract, ADHS may refer the Contractor's COI activities to the appropriate law enforcement agency as suspected fraud or program abuse.

N. Records

1. The Contractor shall maintain all forms, records, reports and working papers used in the preparation of reports, files, correspondence, financial statements, records relating to SMI eligibility determination, medical records, statistical information and other records specified by ADHS for purposes of audit and program management. The Contractor shall comply with all specifications for record keeping established by ADHS and Federal and State law.
2. The Contractor shall also require its independent auditor of financial statements to maintain all working papers related to an audit for a minimum of six (6) years after the date of the financial statement or completion of the Contract, whichever is longer.
3. The Contractor shall preserve and make available all records for a period of six (6) years from the date of final payment under this Contract except in the following cases:
 - 3.1 If this Contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of six (6) years from the date of any such termination.

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3.2 Records which relate to disputes, litigation, or the settlement of claims arising out of the performance of this Contract, or costs and expenses of this Contract to which exception has been taken by the State, shall be retained by the Contractor until such disputes, litigation, claims, or exceptions have been disposed of, or as required by applicable law, whichever is longer.

O. Requests for Information

1. ADHS may request financial or other information from Contractor. Upon receipt of a request for information, the Contractor shall provide complete and accurate information no later than thirty (30) days after the receipt of the request unless otherwise specified by ADHS. The Contractor shall make available and provide all information or records requested by ADHS on a timely basis to facilitate ADHS obligations and functions.
2. The Contractor shall be responsible for all costs associated with the nondisclosure, at a minimum; legal fees and costs in the event that ADHS/DBHS withholds information from a third party as a result of the Contractor's statement that information is confidential along with describing the specific harm or injury that would result from disclosure.

P. Contract Changes

When ADHS issues an Amendment to modify the Contract the provisions of the Amendment shall be deemed to have been accepted sixty (60) days after the date of transmission by ADHS, electronic or mail, even if Contractor has not signed or acknowledged the Amendment. If the Contractor refuses to sign the Amendment, ADHS may exercise its remedies under this Contract.

Q. Merger, Reorganization and Change in Ownership

The Contractor shall obtain prior approval of ADHS and sign a written Contract Amendment, or any other paperwork required by the State, for any merger, reorganization or change in ownership of Contractor, or of a subcontracted provider that is related or affiliated with the Contractor. The Contractor shall submit a detailed merger, reorganization and/or transition plan to ADHS for review and include strategies to ensure uninterrupted services to members eligible to receive SMI eligibility determinations, evaluate the new entity's ability to support the SMI eligibility determination process, ensure that services are not diminished, and that major components of the organization and programs are not adversely affected by the merger, reorganization, or change in ownership.

R. Exhibits

Documents set forth in the Exhibits 1 through 9, as they may be amended, are incorporated herein and made a part of this Contract.

S. Indemnification Clause

1. Contractor shall indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state

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or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State of Arizona.

2. In the event of expiration or termination or suspension of the Contract by ADHS, the expiration or termination or suspension shall not affect the obligation of the Contractor to indemnify ADHS for any claim by any third party against the State or ADHS arising from the Contractor's performance of this Contract and for which the Contractor would otherwise be liable under this Contract. *This indemnity shall not apply if the Contractor or Sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.*

T. Insurance Requirements

Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The *insurance requirements* herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

1. **MINIMUM SCOPE AND LIMITS OF INSURANCE:** Contractor shall provide coverage with limits of liability not less than those stated below.

1.1 Commercial General Liability – Occurrence Form

1.1.1 Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

1.1.1.1 General Aggregate \$2,000,000

1.1.1.2 Products – Completed Operations Aggregate \$1,000,000

1.1.1.3 Personal and Advertising Injury \$1,000,000

1.1.1.4 Blanket Contractual Liability – Written and Oral \$1,000,000

1.1.1.5 Fire Legal Liability \$ 50,000

1.1.1.6 Each Occurrence \$1,000,000

1.1.2 The policy shall be endorsed to include coverage for sexual abuse and molestation.

1.1.3 The policy shall be endorsed to include the following additional insured language:
"The Department of Health Services, the State of Arizona, its Departments, agencies, boards, commissions, universities and its officers, officials, agents, and

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employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor".

1.1.4 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

1.2 Automobile Liability: Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

1.2.1 Combined Single Limit (CSL) \$1,000,000

1.2.2 The policy shall be endorsed to include the following additional insured language: "The Department of Health Services, the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor".

1.2.3 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

1.3 Worker's Compensation and Employers' Liability

1.3.1 Workers' Compensation Statutory

1.3.2 Employers' Liability

1.3.2.1 Each Accident \$ 500,000

1.3.2.2 Disease – Each Employee \$ 500,000

1.3.2.3 Disease – Policy Limit \$1,000,000

1.3.3 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

1.3.4 This requirement shall not apply to: Separately, EACH Contractor or subcontractors exempt under A.R.S. 23-901, and when such Contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

1.4 Professional Liability (Errors and Omissions Liability)

1.4.1 Each Claim \$1,000,000

1.4.2 Annual Aggregate \$2,000,000

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1.4.3 In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

1.4.4 The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this Contract.

2. **ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:

2.1 The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

2.2 The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.

2.3 Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

3. **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to: **The Arizona Department of Health Services, 1740 West Adams, Room, 303, Phoenix, AZ 85007** and shall be sent by certified mail, return receipt requested.
4. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.
5. **VERIFICATION OF COVERAGE:** Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

5.1 All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

5.2 All certificates required by this Contract shall be sent directly to **The Arizona Department of Health Services, 1740 West Adams, Room 303, Phoenix, AZ 85007**. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT**

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SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT SECTION.

6. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
7. **APPROVAL:** Any modification or variation from the *insurance requirements* in this Contract shall be made by the contracting agency in consultation with the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.
8. **EXCEPTIONS:** In the event the Contractor or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-insurance. If the Contractor or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

U. Health Insurance Portability and Accountability Act (HIPAA) of 1996

The Contractor warrants that it is familiar with the requirements of HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH Act) of 2009, and accompanying regulations and will comply with all applicable HIPAA requirements in the course of this Contract.

1. Contractor warrants that it will cooperate with the Arizona Department of Health Services (ADHS) in the course of performance of the Contract, so that both ADHS and Contractor will be in compliance with HIPAA, including cooperation and coordination with the Government Information Technology Agency (GITA), Statewide Information Security and Privacy Office (SISPO) Chief Privacy Officer and HIPAA Coordinator and other compliance officials required by HIPAA and its regulations.
2. Contractor will sign any documents that are reasonably necessary to keep ADHS and Contractor in compliance with HIPAA, including, but not limited to, business associate agreements.
3. If requested by the ADHS Procurement Office, Contractor agrees to sign a "Pledge To Protect Confidential Information" (Exhibit 13) and to abide by the statements addressing the creation, use and disclosure of confidential information, including information designated as protected health information and all other confidential or sensitive information as defined in policy. In addition, if requested, Contractor agrees to attend or participate in HIPAA training offered by ADHS or to provide written verification that the Contractor has attended or participated in job related HIPAA training that is: (1) intended to make the Contractor proficient in HIPAA for purposes of performing the services required and (2) presented by a HIPAA Privacy Officer or other person or program knowledgeable and experienced in HIPAA and who has been approved by the GITA/SISPO Chief Privacy Officer and HIPAA Coordinator.

V. Pandemic Contractual Performance

1. The State shall require a written plan that illustrates how the Contractor shall perform up to contractual standards in the event of a pandemic. The State may require a copy of the plan at any time prior or post award of a Contract. At a minimum, the pandemic performance plan shall include:

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- 1.1. Key succession and performance planning if there is a sudden significant decrease in Contractor's workforce.
- 1.2. Alternative methods to ensure there are products in the supply chain.
- 1.3. An up to date list of company contacts and organizational chart, upon request.
2. In the event of a pandemic, as declared the Governor of Arizona, U.S. Government or the World Health Organization, which makes performance of any term under this Contract impossible or impracticable, the State shall have the following rights:
 - 2.1. After the official declaration of a pandemic, the State may temporarily void the Contract(s) in whole or specific sections, if the Contractor cannot perform to the standards agreed upon in the initial terms.
 - 2.2. The State shall not incur any liability if a pandemic is declared and emergency procurements are authorized by the Director as per A.R.S. 41-2537 of the Arizona Procurement Code.
 - 2.3. Once the pandemic is officially declared over and/or the Contractor can demonstrate the ability to perform, the State, at its sole discretion, may reinstate the temporarily voided Contract(s).
3. The State at any time, may request to see a copy of the written plan from the Contractor. The Contractor shall produce the written plan within seventy-two (72) hours of the request.

W. Anti-Kickback

1. The Contractor or any director, officer, agent, employee or volunteer of the Contractor shall not request nor receive any payment or other thing of value either directly or indirectly, from or for the account of any subcontractor (except such performance as may be required of a subcontractor under the terms of its subcontract) as consideration for or to induce the Contractor to enter into a subcontract with the subcontractor or any referrals of enrolled persons to the subcontractor for the provision of covered behavioral health services.
2. The Contractor shall certify that it has not engaged in any violation of the Medicare Anti-Kickback statute (42 USC §§1320a-7b) or the "Stark I" and "Stark II" laws governing related-entity referrals (P.L.101-239 and P.L. 101-432) and compensation there from. If the Contractor provides laboratory testing, it certifies that it has complied with 42 CFR 411.361 and has sent to ADHS and AHCCCS simultaneous copies of the information required by that rule to be sent to the CMS, by signing the Contract.

Y. Use of Funds for Lobbying

The Contractor shall not use funds paid to the Contractor by ADHS, or interest earned, for the purpose of influencing or attempting to influence any officer or employee of any State or Federal agency; or any member of, or employee of a member of, the United States Congress or the Arizona State Legislature 1) in which it asserts authority to represent ADHS or advocate the official position of ADHS in any matter before a State or Federal agency; or any member of, or employee of a member of, the United States Congress or the Arizona State Legislature; or 2) in connection with awarding of any Federal or State contract, the making of any Federal or State grant, the making of any Federal or State loan, the entering

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into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal or State contract, grant, loan, or cooperative agreement.

Z. Claim Disputes; Payment Obligations

1. **Claim Disputes:** A Contractor Claim Dispute is the Contractor's dispute of a imposition of a sanction, by ADHS. All Contractor Claim Disputes with ADHS shall be resolved in accordance with the process set forth in the ADHS Policy on Claim Disputes.
2. **Payment Obligations:** The Contractor shall pay and perform all of its obligations and liabilities when and as due, provided, however, that if and to the extent there exists a bona fide dispute with any party to whom the Contractor may be obligated, the Contractor may contest any obligation so disputed until final determination by a court of competent jurisdiction; provided, however, that the Contractor shall not permit any judgment against it or any levy, attachment, or process against its property, the entry of any order or judgment of receivership, trusteeship, or conservatorship or the entry of any order to relief or similar order under laws pertaining to bankruptcy, reorganization, or insolvency, in any of the foregoing cases to remain undischarged, or unstayed by good and sufficient bond, for more than fifteen (15) days. Service recipients may not be held liable for payment in the event of the Contractor's insolvency, ADHS' failure to pay the Contractor, or ADHS' or the Contractor's failure to pay a provider.

AA. Contract Termination

1. **Termination upon Mutual Agreement:** This Contract may be terminated by mutual written agreement of the parties effective upon the date specified in the written agreement. If the parties cannot reach agreement regarding an effective date for termination, ADHS will determine the effective date.
2. **Voidability of Contract:** This Contract is voidable and subject to immediate termination by ADHS upon the Contractor becoming insolvent or filing proceedings in bankruptcy or reorganization under the United States Code, or upon assignment or delegation of the Contract without the prior written approval of ADHS.
3. **Contract Cancellation:** ADHS reserves the right to cancel this Contract, in whole or in part, due to a failure by the Contractor to carry out any material obligation, term or condition of the Contract. ADHS shall issue written notice to the Contractor of the intent to cancel the Contract for acting or failing to act, as in any of the following:
 - 3.1 The Contractor fails to adequately perform the services set forth in the specifications of the Contract including the documents incorporated by reference;
 - 3.2 The Contractor fails to complete the work required or to furnish required materials within the time stipulated by the Contract; or
 - 3.3 The Contractor fails to make progress in improving compliance with the Contract or gives ADHS reason to believe that the Contractor will not or cannot improve performance to meet the requirements of the Contract.
4. **Response to Notice of Intent to Cancel:** Upon receipt of the written notice of intent to cancel the Contract, the Contractor shall have ten (10) days to provide a satisfactory response to ADHS.

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Failure on the part of the Contractor to adequately address all issues of concern may result in ADHS any single or combination of the following remedies:

- 4.1 Cancel the Contract and send a Notice of Termination;
 - 4.2 Reserve all rights or claims to damage for breach of any covenant of the Contract, and/or
 - 4.3 Perform any test or analysis on materials for compliance with the specifications of the Contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the Contractor.
5. **ADHS' Rights Following Contract Cancellation:** If the Contract is cancelled, ADHS reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code. ADHS may recover any reasonable excess costs resulting from these actions from the Contractor by:
- 5.1 Deduction from an unpaid balance; and
 - 5.3 Any combination of the above or any other remedies as provided by law.
6. **Contractor Obligations:** In the event the Contract or any portion thereof, is terminated for any reason, or expires, the Contractor shall assist ADHS in the transition to another contractor at Contractor's expense. In addition, ADHS reserves the right to extend the term of the Contract on a month-to-month basis to assist in any transition. The Contractor shall:
- 6.1 Make provisions for continuing all management and administrative services and the provision of SMI eligibility determinations until the transition is completed and all other requirements of this Contract are satisfied;
 - 6.2 Designate a person with appropriate training to act as the transition coordinator. The transition coordinator shall interact closely with ADHS and the staff from the new contractor to ensure a safe and orderly transition;
 - 6.3 Upon ADHS' request submit for approval a detailed plan for the transition including the name of the transition coordinator;
 - 6.4 Provide all reports set forth in this Contract and necessary for the transition process. This includes providing to ADHS, until ADHS is satisfied that the Contractor has paid all such obligations:
 - 6.4.1 A monthly claims aging report by provider/creditor including IBNR amounts;
 - 6.4.2 A monthly summary of cash disbursement;
 - 6.4.3 Copies of all bank statements received by the Contractor; and
 - 6.4.4 These reports shall be due on the fifth (5th) day of each succeeding month for the prior month unless otherwise specified.

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6.5 Provide the following reports:

6.5.1 Quarterly and Audited Financial Statements up to the date of Contract termination; and

6.5.2 Quarterly Quality Management and Medical Management reports describing services rendered up to the date of Contract termination including quality of care (QOC) concern reporting based on the date of service, as opposed to the date of reporting, for a period of three (3) months after Contract termination. Encounter reporting until all services rendered prior to Contract termination have reached adjudicated status and data validation of the information has been completed, as communicated by a letter of release from ADHS.

6.6 Notify subcontractors and members of the Contract termination as directed by ADHS;

6.7 Complete payment of all outstanding obligations for covered services rendered to members. The Contractor shall cover continuation of services for the duration of the period for which payment has been made, as well as for inpatient admissions up until discharge;

6.8 Cooperate with a successor Contractor during Transition Period including, at minimum, sharing and transferring member information and records. ADHS will notify the Contractor with specific instructions and required actions at the time of transfer;

6.9 Return any funds advanced to the Contractor for coverage of members for periods after the date of termination to ADHS within thirty (30) days of termination of the Contract; and supply all information necessary for reimbursement of outstanding claims.

7. Additional Obligations: In addition to the requirements stated above and in the Uniform Terms and Conditions, Paragraphs on Termination for Convenience and Termination for Default, the Contractor shall comply with the following provisions:

7.1 The Contractor shall stop all work as of the effective date contained in the Notice of Termination and shall immediately notify all management subcontractors, in writing, to stop all work as of the effective date of the Notice of Termination;

7.2 Upon receipt of the Notice of Termination, and until the effective date of the Notice of Termination, the Contractor shall perform work consistent with the requirements of this Contract and in accordance with a written plan approved by ADHS for the orderly transition of members.

8. Disputes: Any dispute by the Contractor with respect to termination or suspension of this Contract by ADHS shall be exclusively governed by the resolution of the Legal and Contractual Remedies provisions of the Arizona Procurement Code (A.R.S. Title 41, Chapter 23, Article 9).

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9. **Payment:** The Contractor shall be paid the Contract price for all services and items completed prior to the effective date of the Notice of Termination and shall be paid its reasonable and actual costs for work in progress as determined by GAAP; however, no such amount shall cause the sum of all amounts paid to the Contractor to exceed the compensation limits set forth in this Contract.

BB. ADHS' Contractual Remedies

1. Declaration of Emergency:

Upon a declaration by the Governor that an emergency situation exists in the delivery of behavioral or other health service delivery system that without intervention by government agencies, threatens the health, safety or welfare of the public, ADHS may operate as the Contractor or undertake actions to negotiate and award, with or without bid, a Contract to an entity to operate as the Contractor. Contracts awarded under this section are exempt from the requirements of A.R.S. Title 41, Chapter 23. ADHS shall immediately notify the affected Contractor(s) of its intention.

2. ADHS Right to Operate Contractor:

In accordance with A.R.S. § 36-3412.D and in addition to any other rights provided by law or under this Contract, upon a determination by ADHS that Contractor has failed to perform any requirements of this Contract that materially affect the health, safety or welfare of behavioral health recipients, ADHS may, immediately upon written Notice to the Contractor, directly operate the Contractor for so long as necessary to ensure the uninterrupted care to behavioral health recipients and to accomplish the orderly transition of behavioral health recipients to a new or existing Contractor, or until the Contractor corrects the Contract performance failure to the satisfaction of ADHS.

CC. Performance Bond

The Contractor shall:

1. Purchase and maintain a performance bond or bond substitute to guarantee performance and to satisfy its obligations under this Contract.
2. Obtain, submit, and maintain a performance bond by September 15, 2013 payable to ADHS or its designee(s) and sent directly to the ADHS/DBHS Office of Financial Review. Acceptable Performance bond forms include: Cash Deposits, Surety Bonds issued by a surety company approved by ADHS/DBHS, Substitute security, as agreed to by ADHS/DBHS, and Irrevocable Stand-by Letter of credit issued by any of the below named institutions:

A bank insured by the Federal Deposit Insurance Corporation.

A Savings and Loan association insured by the Federal Savings and Loan Insurance Corporation.

A credit union insured by the National Credit Union Administration.

3. Obtain and maintain a Performance Bond that during the final Contract year has an expiration date of at the least six (6) months after the Contract expiration date. If the Contractor has additional liabilities outstanding six (6) months after the termination of the Contract, the Contractor may request a reduction in the Performance Bond sufficient to cover all outstanding liabilities, subject to ADHS' approval, until all liabilities have been paid. If all liabilities are extinguished prior to six (6) months after the termination of the Contract, the Contractor may

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request a return of the Performance Bond prior to six (6) months after the termination of the Contract.

4. Not leverage the performance bond as collateral for debt or use the bond as security to creditors. The Contractor shall be in material breach of this Contract if it fails to maintain or renew the performance bond as required by this Contract.
5. Maintain a performance bond in an amount equal to or greater than 110% of the first monthly combined Title XIX capitation payment and Non-Title XIX payment made to the Contractor. ADHS shall review the adequacy of the Performance Bond on a monthly basis to determine if the Performance Bond must be increased. The Contractor may adjust the performance bond amount if notified by ADHS when the monthly Title XIX and Title XXI Capitation and Non-Title XIX/XXI payment are adjusted by plus or minus ten percent (10%) to an amount equal to or greater than 110% of the adjusted combined monthly Title XIX capitation payment and Non-Title XIX payment. The Contractor shall obtain a performance bond with the adjusted amount no later than thirty (30) days after notification by ADHS of the amount required.
6. Not change the amount, duration, or scope of the Performance Bond without prior written approval from ADHS.
7. Reimburse ADHS for expenses exceeding the performance bond amount.
8. Submit the Performance Bond to ADHS Office of Financial Review within thirty (30) days notification by ADHS to adjust the amount.

2 ADHS shall:

2.1 When Contractor is in breach of any material term of this Contract, in addition to any other remedies it may have herein, obtain payment under the performance bond or performance bond substitute for the following:

2.1.1 Paying damages sustained by subcontractors as a result of a breach of Contractor's obligations under this Contract;

2.1.2 Reimbursing ADHS for any payments made on behalf of the Contractor;

2.1.3 Reimbursing ADHS for any extraordinary administrative expenses incurred by a Contractor's breach including, expenses incurred after termination of this Contract; and

2.1.4 Making any payments or expenditures deemed necessary to ADHS, in its sole discretion, incurred by ADHS in the direct operation of the RBHA.

DD. Cooperation with other Contractors and the State: The State may award other contracts for additional work related to this Contract and Contractor shall fully cooperate with such other contractors and State employees or designated agents. The Contractor shall not commit or permit any act which will interfere with the performance of work by any other State contractor or by State employees.

EE. Eligibility for State or Local Public Benefits; Documentation and Violations: To the extent permitted by Federal Law:

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1. Contractors providing services as an agent of the State, shall ensure compliance with A.R.S § 1-502. A.R.S § 1-502 requires each person applying or receiving a public benefit to provide documented proof which demonstrates a lawful presence in the United States.
2. The State shall reserve the right to conduct unscheduled, periodic process and documentation audits to ensure Contractor compliance. All available Contract remedies, up to and including termination may be taken for failure to comply with A.R.S § 1-502 in the delivery of services under this Contract.

FF. Suspension or Debarment: The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor or its subcontractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body.

Part Three (3)

Uniform Terms and Conditions

Solicitation No. ADHS13-00002633

UNIFORM TERMS AND CONDITIONS

Version 8

1. Definition of Terms

As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

- 1.1. *"Attachment"* means any item the Solicitation requires the Offeror to submit as part of the Offer.
- 1.2. *"Contract"* means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement of Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.
- 1.3. *"Contract Amendment"* means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
- 1.4. *"Contractor"* means any person who has a Contract with the State.
- 1.5. *"Days"* means calendar days unless otherwise specified.
- 1.6. *"Exhibit"* means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
- 1.7. *"Gratuity"* means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
- 1.8. *"Materials"* means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
- 1.9. *"Procurement Officer"* means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
- 1.10. *"Services"* means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.
- 1.11. *"Subcontract"* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 1.12. *"State"* means the State of Arizona and Department or Agency of the State that executes the Contract.
- 1.13. *"State Fiscal Year"* means the period beginning with July 1 and ending June 30.

2. Contract Interpretation

- 2.1. Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.

- 2.2. Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
- 2.3. Contract Order of Precedence. In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:
- 2.3.1. Special Terms and Conditions;
 - 2.3.2. Uniform Terms and Conditions;
 - 2.3.3. Statement or Scope of Work;
 - 2.3.4. Specifications;
 - 2.3.5. Attachments;
 - 2.3.6. Exhibits;
 - 2.3.7. Documents referenced or included in the Solicitation.
- 2.4. Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
- 2.5. Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
- 2.6. No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
- 2.7. No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. Contract Administration and Operation

- 3.1. Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.
- 3.2. Non-Discrimination. The Contractor shall comply with State Executive Order No. 2009-09 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.
- 3.3. Audit. Pursuant to ARS § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.
- 3.4. Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract.

The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection

- 3.5. Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
- 3.6. Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- 3.7. Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.
- 3.8. Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract ("Intellectual Property"), shall be work made for hire and the State shall be considered the creator of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor(s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract.
- 3.9. Federal Immigration and Nationality Act. The contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension and/or debarment of the contractor.
- 3.10. E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A.
- 3.11. Scrutinized Businesses. In accordance with A.R.S. § 35-391 and A.R.S. § 35-393, Contractor certifies that the Contractor does not have scrutinized business operations in Sudan or Iran.

3.12 Offshore Performance of Work Prohibited.

Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or 'overhead' services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

4. **Costs and Payments**

4.1. Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.

4.2. Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destination.

4.3. Applicable Taxes

4.3.1. Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes

4.3.2. State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes

4.3.3. Tax Indemnification. Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

4.3.4. IRS W9 Form. In order to receive payment the Contractor shall have a current I R S W9 Form on file with the State of Arizona, unless not required by law.

4.4. Availability of Funds for the Next State fiscal year. Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract.

4.5. Availability of Funds for the current State fiscal year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:

4.5.1. Accept a decrease in price offered by the contractor;

4.5.2. Cancel the Contract; or

4.5.3. Cancel the contract and re-solicit the requirements.

5. **Contract Changes**

5.1. Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment

within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes

- 5.2. Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.
- 5.3. Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6. Risk and Liability

- 6.1. Risk of Loss: The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt
- 6.2. Indemnification
 - 6.2.1. Contractor/Vendor Indemnification (Not Public Agency) The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence.
 - 6.2.2. Public Agency Language Only Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers."
- 6.3. Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this section shall not apply
- 6.4. Force Majeure.
 - 6.4.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing,

force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2. Force Majeure shall not include the following occurrences:

6.4.2.1. Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2. Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or

6.4.2.3. Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits

6.4.3. If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.4.4. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

6.5. Third Party Antitrust Violations The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

7. Warranties

7.1. Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.

7.2. Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one year after acceptance by the State of the materials, they shall be;

7.2.1. Of a quality to pass without objection in the trade under the Contract description;

7.2.2. Fit for the intended purposes for which the materials are used;

7.2.3. Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;

7.2.4. Adequately contained, packaged and marked as the Contract may require; and

7.2.5. Conform to the written promises or affirmations of fact made by the Contractor

- 7.3. Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract
- 7.4. Inspection/Testing. The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.
- 7.5. Compliance With Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements
- 7.6. Survival of Rights and Obligations after Contract Expiration or Termination
- 7.6.1. Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.
- 7.6.2. Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8. State's Contractual Remedies

- 8.1. Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.
- 8.2. Stop Work Order
- 8.2.1. The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
- 8.2.2. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
- 8.3. Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.
- 8.4. Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default.

under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

- 8.5. Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

9. Contract Termination

- 9.1 Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.
- 9.2. Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.
- 9.3. Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the contractor is not currently suspended or debarred. If the contractor becomes suspended or debarred, the contractor shall immediately notify the State.
- 9.4. Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.
- 9.5 Termination for Default.
- 9.5.1. In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

9.5.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

9.5.3 The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

9.6 Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice

10. **Contract Claims**

All contract claims or controversies under this Contract shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted thereunder

11. **Arbitration**

The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

12. **Comments Welcome**

The State Procurement Office periodically reviews the Uniform Terms and Conditions and welcomes any comments you may have. Please submit your comments to: State Procurement Administrator, State Procurement Office, 100 North 15th Avenue, Suite 201, Phoenix, Arizona, 85007

Part Four (4)

Uniform Instructions to Offerors

Solicitation No. ADHS13-00002633

UNIFORM INSTRUCTIONS TO OFFERORS

A. Definition of Terms. As used in these Instructions, the terms listed below are defined as follows:

1. "Attachment" means any item the Solicitation requires an Offeror to submit as part of the Offer
2. "Contract" means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments
3. "Contract Amendment" means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract
4. "Contractor" means any person who has a Contract with the State.
5. "Days" means calendar days unless otherwise specified.
6. "Exhibit" means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
7. "Offer" means bid, proposal or quotation.
8. "Offeror" means a vendor who responds to a Solicitation
9. "Procurement Officer" means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
10. "Solicitation" means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
11. "Solicitation Amendment" means a written document that is signed by the Procurement Officer and issued for the purpose of making changes to the Solicitation
12. "Subcontract" means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
13. "State" means the State of Arizona and Department or Agency of the State that executes the Contract.

B. Inquiries

1. Duty to Examine It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing (inquiries), and examine its Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for modifying or withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim
2. Solicitation Contact Person Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation shall be directed solely to the Solicitation contact person. The Offeror shall not contact or direct inquiries

concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation contact person as a contact.

3. Submission of Inquiries The Procurement Officer or the person identified in the Solicitation as the contact for inquiries except at the Pre-Offer Conference, require that an inquiry be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time. The State shall consider the relevancy of the inquiry but is not required to respond in writing.
4. Timeliness Any inquiry or exception to the solicitation shall be submitted as soon as possible and should be submitted at least seven days before the Offer due date and time for review and determination by the State. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
5. No Right to Rely on Verbal Responses An offeror shall not rely on verbal responses to inquiries. A verbal reply to an inquiry does not constitute a modification of the solicitation.
6. Solicitation Amendments The Solicitation shall only be modified by a Solicitation Amendment.
7. Pre-Offer Conference If a pre-Offer conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. Offerors should raise any questions about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
8. Persons With Disabilities Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation contact person. Requests shall be made as early as possible to allow time to arrange the accommodation.

C. Offer Preparation

1. Forms: No Facsimile. Telegraphic or Electronic Mail Offers An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation must be legible and contain the same information requested on the forms, unless the solicitation indicates otherwise. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected if submitted in response to requests for proposals or invitations for bids.
2. Typed or Ink; Corrections The Offer shall be typed or in ink. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.
3. Evidence of Intent to be Bound The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature (or acknowledgement for electronic submissions, when authorized) by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, shall result in rejection of the Offer.

4. Exceptions to Terms and Conditions. All exceptions included with the Offer shall be submitted in a clearly identified separate section of the Offer in which the Offeror clearly identifies the specific paragraphs of the Solicitation where the exceptions occur. Any exceptions not included in such a section shall be without force and effect in any resulting Contract unless such exception is specifically accepted by the Procurement Officer in a written statement. The Offeror's preprinted or standard terms will not be considered by the State as a part of any resulting Contract.
 - 4.1. Invitation for Bids. An Offer that takes exception to a material requirement of any part of the Solicitation, including terms and conditions, shall be rejected.
 - 4.2. Request for Proposals. All exceptions that are contained in the Offer may negatively affect the State's proposal evaluation based on the evaluation criteria stated in the Solicitation or result in rejection of the Offer. An offer that takes exception to any material requirement of the solicitation may be rejected.
5. Subcontracts. Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
6. Cost of Offer Preparation. The State will not reimburse any Offeror the cost of responding to a Solicitation.
7. Solicitation Amendments. Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed (or acknowledgement for electronic submission, when authorized) copy of a Solicitation Amendment may result in rejection of the Offer.
8. Federal Excise Tax. The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be provided by the State.
9. Provision of Tax Identification Numbers. Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number in the space provided on the Offer and Acceptance Form.
 - 9.1. Employee Identification. Offeror agrees to provide an employee identification number or social security number to the Department for the purposes of reporting to appropriate taxing authorities, monies paid by the Department under this contract. If the federal identifier of the offeror is a social security number, this number is being requested solely for tax reporting purposes and will be shared only with appropriate state and federal officials. This submission is mandatory under 26 U.S.C. § 6041A.
10. Identification of Taxes in Offer. The State of Arizona is subject to all applicable state and local transaction privilege taxes. All applicable taxes shall be identified as a separate item offered in the solicitation. When applicable, the tax rate and amount shall be identified on the price sheet. At all times, payment of taxes and the determination of applicable taxes are the sole responsibility of the contractor.
11. Disclosure. If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any Federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the

relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided

12. Solicitation Order of Precedence In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
 - 12.1 Special Terms and Conditions;
 - 12.2 Uniform Terms and Conditions;
 - 12.3 Statement or Scope of Work;
 - 12.4 Specifications;
 - 12.5 Attachments;
 - 12.6 Exhibits;
 - 12.7 Special Instructions to Offerors;
 - 12.8 Uniform Instructions to Offerors; and
 - 12.9 Other documents referenced or included in the Solicitation
13. Delivery Unless stated otherwise in the Solicitation, all prices shall be F.O.B. Destination and shall include all freight, delivery and unloading at the destination(s).
14. Federal Immigration and Nationality Act By signing of the Offer, the Offeror warrants that both it and all proposed subcontractors are in compliance with federal immigration laws and regulations (FINA) relating to the immigration status of their employees. The State may, at its sole discretion require evidence of compliance during the evaluation process. Should the State request evidence of compliance, the Offeror shall have 5 days from receipt of the request to supply adequate information. Failure to comply with this instruction or failure to supply requested information within the timeframe specified shall result in the offer not being considered for contract award.
15. Offshore Performance of Work Prohibited

Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or 'overhead' services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the proposal.

D. Submission of Offer

1. Sealed Envelope or Package Each Offer shall be submitted to the submittal location identified in this Solicitation. Offers should be submitted in a sealed envelope or container. The envelope or container should be clearly identified with name of the Offeror and Solicitation number. The State may open envelopes or containers to identify contents if the envelope or container is not clearly identified.

2. ProcureAZ Offer Submission, Due Date and Time. Offerors responding to a solicitation in ProcureAZ must submit their offers electronically through ProcureAZ. Offers shall be received before the due date and time stated in the solicitation. Offers submitted outside of ProcureAZ or those that are received after the due date and time shall be rejected.
3. Offer Amendment or Withdrawal. An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.
4. Public Record. All Offers submitted and opened are public records and must be retained by the State. Offers shall be open to public inspection after Contract award, except for such Offers deemed to be confidential by the State. If an Offeror believes that information in its Offer should remain confidential, it shall indicate as confidential the specific information and submit a statement with its Offer detailing the reasons that the information should not be disclosed. Such reasons shall include the specific harm or prejudice which may arise. The State shall determine whether the identified information is confidential pursuant to the Arizona Procurement Code.
5. Non-collusion, Employment, and Services. By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:
 - 5.1. The Offeror did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and
 - 5.2. The Offeror does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with an applicable Federal, state and local laws and executive orders regarding employment

E. **Evaluation**

1. Unit Price Prevails. In the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
2. Taxes. If the products and/or services specified require transaction privilege or use taxes, they shall be described and itemized separately on the offer. Arizona transaction privilege and use taxes shall not be considered for evaluation.
3. Prompt Payment Discount. Prompt payment discounts of thirty (30) days or more set forth in an Offer shall be deducted from the offer for the purpose of evaluating that price.
4. Late Offers. An Offer submitted after the exact Offer due date and time shall be rejected.
5. Disqualifications. An Offeror (including each of its principals) who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall have its offer rejected.
6. Offer Acceptance Period. An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be one hundred twenty (120). If a Best and Final Offer is requested pursuant to a Request for proposals, an Offeror shall hold its Offer open for one hundred twenty (120) days from the Best and Final Offer due date.
7. Waiver and Rejection Rights. Notwithstanding any other provision of the Solicitation, the State reserves the right to:
 - 7.1 Waive any minor informality;

7.2. Reject any and all Offers or portions thereof; or

7.3. Cancel the Solicitation.

F. Award

1. Number of Types of Awards. The State reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, or regional awards, whichever is most advantageous to the State. If the Procurement Officer determines that an aggregate award to one Offeror is not in the State's best interest, "all or none" Offers shall be rejected.
2. Contract Inception. An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Procurement Officer's signature on the offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the offer.
3. Effective Date. The effective date of this Contract shall be the date that the Procurement Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.

G. Protests

A protest shall comply with and be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9 and rules adopted thereunder. Protests shall be in writing and be filed with both the Procurement Officer of the purchasing agency and with the State Procurement Administrator. A protest of a Solicitation shall be received by the Procurement Officer before the Offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:

1. The name, address and telephone number of the protester;
2. The signature of the protester or its representative;
3. Identification of the purchasing agency and the Solicitation or Contract number;
4. A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
5. The form of relief requested.

H. Comments Welcome

The State Procurement Office periodically reviews the Uniform Instructions to Offerors and welcomes any comments you may have. Please submit your comments to: State Procurement Administrator, State Procurement Office, 100 North 15th Avenue, Suite 201, Phoenix, Arizona, 85007.

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SOLICITATION NO: ADHS13-00002633

A. Definitions

All of the definitions in the Uniform Instructions to Offerors and Exhibit 1, "Definitions", are incorporated herein.

B. Pre-Offer Conference

Prospective Offerors are invited to attend a Pre-Offer Conference. The date, time and location of this conference are indicated in the solicitation's 'Pre-Bid Conference' field as found within the State's e-Procurement system, ProcureAZ (<https://procure.az.gov>). The purpose of this conference will be to clarify the contents of this Request for Proposal in order to prevent any misunderstanding of the ADHS position. Any doubt as to the requirements of this Request for Proposals (RFP) or any omission or discrepancy should be presented to the ADHS at this conference, or no later than ten (10) days prior to the offer due date as provided by the "Inquiries and Timelines (for the Submission of Inquiries)" section of these Special Instructions to Offerors. The ADHS will then determine the appropriate action necessary, if any, and may issue a written amendment to the request for proposals. The State does not intend to record or disseminate any of the communications that may occur at the Pre-Offer Conference, to include questions and answers. Attendance at the Pre-Offer Conference is not mandatory; however, prospective Offerors are strongly encouraged to attend. Offerors should be prepared to seek a response to any inquiries, clarifications, or suggested changes to include any submitted in writing prior to the Pre-Offer Conference, or contemplated to be submitted in writing. Offerors should come to the Pre-Offer Conference fully prepared to seek clarification and Offerors should not expect that the State will respond in writing to written questions or inquiries, except as determined necessary to amend the solicitation. Oral statements or instructions shall not constitute an amendment to this solicitation.

C. Timeline for Contract Award

Contract award is anticipated on or about April, 2013, with contract performance to members to start on or about October 1, 2013. These dates may change pending the award of the ADHS Regional Behavioral Health Authority - GSA 6 (Maricopa County).

D. Offer Acceptance Period

This section of the Uniform Instructions is amended to modify the time an Offeror shall hold its Offer open: six (6) months.

E. Number of Types of Awards

It is the preference of the State to make a single Contract award. However, this preference does not preclude the State from making an award(s) in accordance with the Uniform Instructions to Offerors, section titled "Number of Types of Awards", when determined in the best interest of the State.

F. Submission of Offer

1. Electronic Documents. The Solicitation document is provided in an electronic format. Any unidentified alteration or modification to any Solicitation documents, to any attachments, exhibits, forms, charts or illustrations contained herein shall be null and void. In those instances where modifications are identified, the original document published by the State shall take precedence. As provided in the Solicitation Instructions, Offerors are responsible

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SPECIAL INSTRUCTIONS TO OFFERORS
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for clearly identifying in a separate document (Attachment 2) any and all changes or modifications to any Solicitation documents upon submission to the State.

2. Acceptable Formats. Offer electronic files shall be submitted in a format acceptable to the State. Acceptable formats include .DOC and .DOCX (Microsoft Word), .XLS and .XLSX (Microsoft Excel), .PPT and .PPTX (Microsoft PowerPoint) and .PDF (Adobe Acrobat).
3. Acknowledgement of Solicitation Amendments. Offerors shall acknowledge Solicitation Amendments electronically in ProcureAZ (<https://procure.az.gov>) no later than the Offer due date and time. Failure to acknowledge all/any Solicitation Amendment may result in rejection of the Offer.
4. The responses should be typed using New Times Roman or Arial 12-point font, and be 1.5 line spaced. Documents not created for this solicitation may be submitted in the native format, font, line spacing the document was created. Failure to include the requested information may have a negative impact on the evaluation of the Offeror's proposal. Offerors shall copy ProcureAZ Attachments to their own computer, save the information entered using the original file name and adding the Offeror's name to it (acronym for Offeror name is acceptable), and submit the completed information in ProcureAZ (e.g., "Attachment A, Offer and Acceptance, (enter Offeror name)"). State forms that are in PDF format may be completed by hand writing the information on the form, scanning the completed form to the Offeror's computer and submitting the completed form in ProcureAZ. ProcureAZ will not save information entered directly on the Attachments. On each document page, insert a Footer that specifies: Name of the Offeror, Number and Name of the Attachment, the Solicitation Number (if not pre-printed on the Attachment), and Page Number.
5. The ADHS will not provide any reimbursement for the cost of developing a response to this RFP. The Offer should include the following information:
 - 5.1 Under the "General Tab" in ProcureAZ provide in the "Info Contact" text box complete contact information that includes the following:
 - 5.1.1 Contact name for individual to be contacted regarding the Offer,
 - 5.1.2 Complete mailing address information,
 - 5.1.3 Complete e-mail contact information, and
 - 5.1.4 Telephone contact information.

G. Submission Required in ProcureAZ

1. Offer shall be submitted in an acceptable format, as described herein, using the State's online eProcurement application ProcureAZ (www.procure.az.gov). Submission of offers by means other than the ProcureAZ system **will not** be accepted. Prospective Offerors with questions in this regard shall contact the Procurement Officer prior to the Solicitation's due date and time.
2. To submit an Offer, Offerors must register in the ProcureAZ system. Offerors requiring assistance in the registration process or in navigating the ProcureAZ system may call the Help Desk at 602-542-7600.

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H. Offer Preparation

Offer Forms (Attachments). Failure to adhere to the following may have a negative impact on the evaluation of the Offeror's proposal. The Offer should, at a minimum, include the following completed Offer Forms for documents labeled as an Attachment in the solicitation, or as indicated submit Offer developed documents as an Attachment in accordance with the following:

1. Offer and Acceptance Form signed by authorized person: Offers shall include a signed Offer and Acceptance form, as described in section C.3 of the Uniform Instructions to Offerors. The Offer and Acceptance Form shall be signed with an original signature by the person authorized to represent the Offeror and sign the Offer, and shall be submitted with the Offer within the State's eProcurement System (<https://procure.az.gov>) no later than the Offer due date and time. Failure to return a signed Offer and Acceptance Form may result in rejection of the Offer. Complete and upload to the "Attachments Tab" in ProcureAZ as "Attachment A, Offer and Acceptance (insert Offeror name)".
2. Complete Item Pricing (located and completed in ProcureAZ under the Items Tab) and Excel document "Attachment C Price Bid Template."
3. Provide proof of Initial Capitalization Amount in accordance with the following:
 - 3.1 Satisfy the initial capitalization amount equal to ninety percent (90%) of the value of one month's combined Title XIX capitation payment and Non-Title XIX payment by submitting proof of the initial capitalization requirement. If the Offeror is relying on another organization to meet the initial capitalization requirement, submit the most current audited financial statement of the other organization and write a certification signed and dated by the President or CEO of the other organization, with a statement of its intent to provide initial capitalization, without restriction, within the time frames required.
 - 3.2 The initial capitalization shall have no more than fifty percent (50%) of the initial capitalization requirement satisfied with an irrevocable Letter of Credit issued by one of the following:
 - 3.2.1 A bank doing business in this state and insured by the Federal Deposit Insurance Corporation;
 - 3.2.2 A savings and loan association doing business in this state and insured by the Federal Savings and Loan Insurance Corporation; and,
 - 3.2.3 A credit union doing business in this state and insured by the National Credit Union Administration.
4. Experience and Expertise:

Minimum eligibility to perform: The State prohibits a regional behavioral health authority and providers who provide case management services to individuals with a serious mental illness, and any payment company or subsidiary company related thereto, from performing the requirements of any contract awarded from this Solicitation.

 - 4.1 Provide a written description of Offeror's experience and expertise regarding the services offered that relate to the services required in the Scope of Work and Special Terms and Conditions, including but not limit to the following:

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- 4.1.1 Full legal company name;
- 4.1.2 Year business started;
- 4.1.3 State and Country of incorporation (if applicable);
- 4.1.4 Federal and State Tax identification number;
- 4.1.5 Number of years of experience in this field;
- 4.1.6 Location of company headquarters;
- 4.1.7 Current number of full and part-time employees, including the number of executive and professional personnel;
- 4.1.8 Current number of locations;
- 4.1.9 Current number of service locations;
- 4.1.10 Public or private entity and stock symbol, if publically traded;
- 4.1.11 Information related to any pending or past litigation in which an adverse decision might result in a material change in the company's financial position or future viability;
- 4.1.12 Copies of audits for the last three (3) years by a Certified Public Accountant of company financial data, which includes the total number of customers using Offeror's services or products;
- 4.1.13 If incorporated, a copy of the corporation's most recent annual report, including consolidated balance sheets and related statements of income, stockholders' or partners' equity and changes in financial position, for each of the three (3) fiscal years preceding the end of the most recent fiscal year.
- 4.1.14 Any State agencies or other government entities that are current customers;
- 4.1.15 Any information to substantiate the Offeror's expertise to provide the services;
- 4.1.16 Disclosure of any company restructurings, mergers and/or acquisitions over the last three (3) years or any that are contemplated within the next six (6) months;
- 4.1.17 Describe whether the Offeror is based locally, regionally, nationally, or internationally as well as any relationships to parent firms, sister firms, or subsidiaries operating in Arizona;
- 4.1.18 Organization Chart (Personnel) – Provide a current organizational chart which included Offerors personnel and any open positions. Provide the number of employees in the company and the total number of FTE that could be dedicated to this contract;

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- 4.1.19 If the Offeror is new or if the proposed service is new to your organization, provide any related experience that indicates prior experience in delivering closely related services, including results achieved;
- 4.1.20 Is the Offeror, and/or their parent company, if applicable, currently in the process of filing for bankruptcy? Has the Offeror, and/or their parent company, if applicable, filed for bankruptcy in the last seven (7) years? If yes, under either condition, Offeror should describe the circumstances of the bankruptcy and how the financial condition is improving and/or has improved;
- 4.1.21 Does the Offeror owe the State of Arizona, or any state or the federal government any taxes? Indicate if there are any liens against the Offeror, and if so, explain the status and circumstances;
- 4.1.22 Indicate if the Offeror directors, any officers, principles, owners or any of its key personnel is currently under suspension or been debarred by the State of Arizona, any other state, political subdivision, or the federal government;
- 4.1.23 Fully disclose involvement in which your company was a named party or required to play a significant role in any legal proceedings, lawsuits or governmental regulatory actions and any contractual demands for assurance regarding the provision of similar services, pending or occurring in the last seven (7) years;
- 4.1.24 Disclose if within the last seven (7) years there has been a conviction of or had a civil judgment rendered for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property. The Offeror shall disclose if it is presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in this section. The information for this section is to be provided for the Offeror, directors, and any officers or managing employees, principles or owners, as currently constituted; any predecessor companies (including any companies the Offeror has acquired); any parent, subsidiary or other affiliated companies; and
- 4.1.25 A description of any performance deficiencies, corrective actions, notices to cure, failure to perform, funds withheld, funds recouped, paid any performance or financial sanctions or penalties, or termination for cause or default within the past five (5) years. The information for this section is to be provided for the Offeror as currently constituted; any predecessor companies (including any companies the Offeror has acquired); any parent, subsidiary or other affiliated companies. Provide a description of the circumstances surrounding each event. Provide copies of all corrective actions plans, performance improvement plans or letters of sanction, or other documents related to funds withheld, recouped, sanctions or penalties.
- 4.1.26 All key personnel staff, and all organizational staff, proposed by the Offeror should have the relevant experience, qualifications and knowledge which enable the individual(s) to successfully provide the services described within the Scope of Work. The Offeror should provide the following information for each key

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personnel and organizational staff. Indicate if any will be retained as a subcontractor.

4.1.27 Provide a resume for each key personnel and organizational staff that demonstrates the individual possesses an understanding and the experience required in performing services as required by the Scope of Work. If a resume is not provided because a person is not able to be identified by the Offer due date, submit a job description. The State has a preference for resumes and the extent to which job descriptions are submitted may negatively affect the Offer evaluation. Redact any personally identifying information from the resume, such as home address, telephone number(s) or email address.

4.2 References: Complete Attachment B, References. Complete and upload to the "Attachments Tab" in ProcureAZ as "Attachment B, References, (insert Offeror name)".

5. Method of Approach (Methodology):

5.1 Prepare and submit a detailed written narrative describing the method of approach that will be used to provide the required services and tasks as described in the Scope of Work and Special Terms and Conditions. The Proposal shall address the Scope of Work in its entirety in a format that follows the Scope of Work Tables of Contents and contains sufficient detail to demonstrate the Offeror's knowledge and ability to perform the required services. The Proposal should describe the approach, method, strategy or process the Offeror will employ to satisfy, accomplish or implement the Scope of Work and Special Terms and Conditions. The Proposal should be succinct, straightforward and limited to facts.

5.2 If a subcontractor will provide the work, provide the subcontractor name and how the Offeror will provide oversight of the subcontractor to ensure successful Contract performance.

5.3 Proof of Performance Bond: The Offeror should provide proof of a binding agreement that the Offeror, if awarded a Contract, will be able to provide the Performance Bond, in accordance with the Special Terms and Conditions, section titled "Performance Bond", such as a letter of intent from a surety. No form is provided, submit as "Attachment 9, "Performance Bond Agreement, (insert Offeror name)" and upload to the "Attachments Tab" in ProcureAZ.

I. References and Experience Verification

The Offeror agrees that by submitting an Offer, the State or its designated agent may contact any entities listed in the Offer or any entities known to have a previous business relationship with the Offeror for the purpose of obtaining references relative to past performance and verifying experience or other information submitted with the Offer. In addition, by submitting an Offer, the Offeror is agreeing to give permission to the entity to provide information and the Offeror will take whatever action is necessary to facilitate, encourage or authorize the release of information; if necessary, the Offeror shall sign a release for the State to obtain information.

J. Responsibility, Responsiveness and Susceptibility:

In accordance with A.R.S. 41-2534(G), A.A.C. R2-7-C311, A.A.C. R2-7-C312 and R2-7-C316, the State shall consider, at a minimum, the following criteria when determining Offeror's responsibility, as well, as the proposal's responsiveness and susceptibility for contract award.

1. Whether the Offeror has had a contract within the last five (5) years that was terminated for

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SPECIAL INSTRUCTIONS TO OFFERORS
SOLICITATION NO: ADHS13-00002633

cause due to breach or similar failure to comply with the terms of the contract;

2. Whether the Offeror's record of performance includes factual evidence of failure to satisfy the terms of the Offeror's agreements with any party to a contract. Factual evidence may consist of documented vendor performance reports, customer complaints and/or negative references;
3. Whether the Offeror is legally qualified to contract with the State and the Offeror's financial, business, personnel, or other resources, including subcontractors;
 - 3.1 Legally qualified includes if the vendor or if key personnel have been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body.
4. Whether the Offeror promptly supplied all requested information concerning its responsibility;
5. Whether the Offer was sufficient to permit evaluation by the State, in accordance with the evaluation criteria identified in this Solicitation or other necessary offer components. Necessary offer components include: attachments, documents or forms to be submitted with the offer, an indication of the intent to be bound, reasonable or acceptable approach to perform the Scope of Work, acknowledged Solicitation Amendments, references to include experience verification, adequacy of financial/business/personal or other resources to include a performance bond and stability including subcontractors and any other data specifically requested in the Solicitation;
6. Whether the Offer was in conformance with the requirements contained in the Scope of Work, Terms and Conditions, and Instructions for the Solicitation including its Amendments and all documents incorporated by reference;
7. Whether the Offer limits the rights of the State;
8. Whether the Offer includes or is subject to unreasonable conditions, to include conditions upon the State necessary for successful Contract performance. The State shall be the sole determiner as to the reasonableness of a condition;
9. Whether the Offer materially changes the contents set forth in the Solicitation, which includes the Scope of Work, Terms and Conditions, or Instructions; and,
10. Whether the Offeror provides misleading or inaccurate information.

K. Evaluation Criteria

In accordance with the A.R.S. § 41-2534, Competitive Sealed Proposals, awards shall be made to the responsible Offeror(s) whose proposal(s) is(are) determined in writing to be the most advantageous to the ADHS based upon the evaluation criteria listed below. The evaluation factors are listed in their relative order of importance.

1. Method of Approach (Methodology) to include any presentation.
2. Experience and Expertise.

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SPECIAL INSTRUCTIONS TO OFFERORS
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3. Cost as provided in Items Tab in ProcureAZ.
4. Compliance with the Solicitation requirements.

L. Discussions

In accordance with A.R.S. §41-2534, after the initial receipt of proposals, the ADHS reserves the option to conduct discussions with those Offerors who submit proposals determined by the ADHS to be reasonably susceptible of being selected for award and that fall within the competitive range.

M. Presentations

The State may require Offerors, determined to be in the competitive range, to present a face-to-face presentation of any portion of its Offer. The State reserves the right to determine whether the presentation has the capability of performing and complying with the requirements provided by the Scope of Work, Special Terms and Conditions, and as included in the Offer.

N. Offeror Library

When submitting a proposal, Offeror shall rely only on the documents listed in Exhibits 6 posted to the Offeror Library. Other versions of the documents listed in Exhibit 6 posted on agency web sites or published elsewhere in hard copy or electronically are neither included in this Solicitation nor shall they be considered in the proposal evaluation.

O. Protests

In addition to the Uniform Instructions to Offerors "Protests" section, the following is added: Any protest must be filed with the Chief Procurement Officer, Arizona Department of Health Services, Office of Procurement, 1740 W. Adams, Suite 303, Phoenix, Arizona 85007. An electronic copy shall also be submitted to christine.ruth@azdhs.gov.



Attachment A Offer and Acceptance

SOLICITATION NO: ADHS13-00002633

ARIZONA DEPARTMENT OF HEALTH SERVICES

1740 West Adams Street, Room
303
Phoenix, Arizona 85007
(602) 542-1040
(602) 542-1741 Fax

OFFER

TO THE STATE OF ARIZONA:

The Undersigned hereby offers and agrees to furnish the material, service or construction in compliance with all terms, conditions, specifications and amendments in the Solicitation and any written exceptions in the offer.

Arizona Transaction (Sales) Privilege Tax License No:

Federal Employer Identification No:

Phone:

Fax:

E-Mail:

Company Name

Signature of Person Authorized to Sign Offer

Address

Printed Name

City State Zip

Title

By signature in the Offer section above, the Offeror certifies:

1. The submission of the Offer did not involve collusion or other anticompetitive practices.
2. The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 75.5 or A.R.S. §§ 41-1461 through 1465.
3. The Offeror has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.

ACCEPTANCE OF OFFER

The Offer is hereby accepted.

The Contractor is now bound to sell the materials or services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by the State.

This Contract Number will be assigned after award. The Contractor has been cautioned not to commence any billable work or to provide any material or service under this Contract until Contractor receives purchase order, contract release document or written notice to proceed.

State of Arizona
Awarded this

day of 20 13

Procurement Officer

<p style="text-align: center;">ATTACHMENT B SOLICITATION NO: ADHS13-00002002</p>
--

OFFEROR'S REFERENCES

(Three references are required)

Do not use references from any past or current contracts with ADHS. Do not use any current ADHS employee as a reference.

Contract Title:

Contract Term/Dates of Work: (Month/Date/Year) through (Month/Date/Year) Geographic Area Served:

Target Population Served:

Reference Company:

Telephone:

Address:

City/State

Authorized Reference Signature and Title

Date

PART TWO (2)
EXHIBIT SUMMARY
SOLICITATION NO: ADHS13-00002633

The Exhibits for this Solicitation are described below:

Exhibit 1	Definitions
Exhibit 2	Acronyms
Exhibit 3	GSA 6 Zip Codes
Exhibit 4	Pledge to Protect Confidential Information
Exhibit 5	Deliverables
Exhibit 6	Documents Incorporated by Reference
Exhibit 7	Informational Documents
Exhibit 8	SMI Eligibility Determinations FY 11 and FY 12 in GSA 6
Exhibit 9	Grievance and Appeals Quarterly Report
Exhibit 10	FY12 SMI Extensions GSA 6

EXHIBIT 1

DEFINITIONS

SOLICITATION NO: ADHS13-00002633

1. Arizona Department of Health Services (ADHS)

The state agency that has the powers and duties set forth in A.R.S. §36-104 and A.R.S. Title 36, Chapters 5, 34 and 37.

2. ADHS Division of Behavioral Health Services (DBHS) or (ADHS/DBHS)

Is the Arizona Department of Health Services, Division of Behavioral Health Services.

3. ADHS Office of Grievance and Appeals

The Office of Grievance and Appeals is responsible for the administration and oversight of the administrative grievance and appeal processes. In addition, the Office of Grievance and Appeals investigates allegations of sexual abuse, physical abuse or the death of individuals determined to have a Serious Mental Illness (SMI). The purpose of the grievance and appeal processes is to resolve case specific issues and to remedy any systematic concerns that are identified.

4. Administrative Review

Is the process in which ADHS/DBHS ensures the Contractor's compliance with State and Federal requirements, program operations, fiscal operations and financial status and all terms and conditions in this scope of work.

5. Arizona Health Care Cost Containment System (AHCCCS)

A state agency described in A.R.S. Title 36, Chapter 29, which is responsible for the provision of hospitalization and medical care to members through contracts with Contractors. AHCCCS is Arizona's Medicaid program, approved by the Centers for Medicare and Medicaid Services as a Section 1115 Waiver Demonstration Program.

6. Arizona Revised Statutes (A.R.S.)

The laws of the State of Arizona.

7. Assessment; Evaluation Assessment

The initial and ongoing collection and strengths-based analysis of a person's current and historical medical, psychological, psychiatric, developmental, and social conditions in order to determine if a behavioral health disorder exists, if there is a need for behavioral health services, and to ensure that the person's service plan is designed to meet the person's (and family's) current needs and long-term recovery goals.

**8. AXIS I-V; Diagnostic and Statistical Manual of Mental Disorders (DSM-IV-TR)
MULTIAXIAL DIAGNOSTIC SYSTEM**

- AXIS I Clinical Disorders, Other Conditions that may be a focus of attention
- AXIS II Personality Disorders, Mental Retardation
- AXIS III General Medical Conditions
- AXIS IV Psychosocial/Environmental Problems
- AXIS V Global Assessment of Functioning/Children's Global Assessment of Functioning
- For adults, a GAF score of 50 or less along with a qualifying SMI diagnosis triggers an SMI Determination.

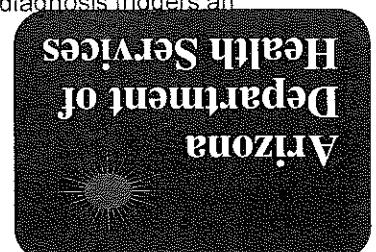


EXHIBIT 1 DEFINITIONS

SOLICITATION NO: ADHS13-00002633

9. Behavioral Health Medical Practitioner

An individual licensed and authorized by law to use and prescribe medication and devices, as defined in A.R.S. § 32-1901, and who is one of the following with at least one year of full-time behavioral health work experience:

- a) A physician;
- b) A physician assistant; or
- c) A nurse practitioner.

10. Behavioral Health Professional, for purposes of this Scope of Work

An individual who meets the applicable requirements in A.A.C. R9-20-204 and is a licensed:

- a) Psychiatrist,
- b) Behavioral health medical practitioner,
- c) Psychologist,
- d) Registered nurse with at least one year of full-time behavioral health work experience.

11. Behavioral Health Recipient

Any adult or child that receives services through ADHS/DBHS funded programs (including prevention activities for non-enrolled persons).

12. Behavioral Health Services

Behavioral Health Services means the assessment, diagnosis or treatment of an individual's behavioral health issue and include services for both mental health and substance abuse conditions. See also "COVERED BEHAVIORAL HEALTH SERVICES GUIDE"

13. Board Certified

Means a professional who has successfully completed all prerequisites of the respective specialty board and successfully passed the required examination for certification.

14. Board Eligible for Psychiatry

Means a physician with documentation of completion of an accredited psychiatry residency program approved by the American College of Graduate Medical Education, or the American Osteopathic Association. Documentation would include either a certificate of residency training including exact dates, or a letter of verification of residency training from the training direction including the exact dates of training.

15. Business Partner Agreements

Agreements developed between the Contractor and business partners, RBHAs, providers and others to comply with the Privacy Standards; the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C ("Security Standards"); HIPAA; and other applicable federal and state laws, in order to protect the privacy of PHI in any form and to safeguard the confidentiality, integrity, and availability of Electronic PHI ("ePHI") related to this rendering SMI eligibility determinations.

EXHIBIT 1

DEFINITIONS

SOLICITATION NO: ADHS13-00002633

16. Capitation

The method by which the Contractor is paid to provide Title XIX SMI determination services under this contract based on a fixed rate per member per month for all DBHS enrolled Title XIX/XXI members notwithstanding (a) the actual number of members who receive SMI determinations, and (b) the amount of time/resources used to determine SMI eligibility or defend SMI determination appeals.

17. Claim Dispute

A dispute involving a payment of an imposition of a sanction.

18. Code of Federal Regulations (CFR)

The general and permanent rules published in the Federal Register by the departments and agencies of the Federal Government.

19. Community Mental Health Services Performance Partnership (CMHS)

Community Mental Health Services (CMHS) provides federally funded Block Grants to States to support mental health services programs. The program was created pursuant to Division B, Title XXXII and Section 3204 of the Children's Health Act of 2000. It supports Non-title XIX services for children with a serious emotional disturbance (SED) and adults determined to have a SMI.

20. Contract Award Date

The date that appears in the "Acceptance" section of the Offer and Acceptance form executed by the State.

21. Contract Performance Start Date

The date the Contractor is required to render SMI eligibility determination decisions. This date may be specified on the Offer and Acceptance form executed by the State or by notice to the Contractor.

22. Contractor

A person, organization or entity agreeing through a direct contracting relationship with ADHS to provide the goods and services specified by contract in conformance with the stated contract requirements, the Medicaid program statute and rules and federal law and regulations.

23. Corrective Action Plan (CAP)

A Corrective Action Plan (CAP) is a Contractor developed measure to improve performance in a particular area of contractual responsibility. Any CAP must identify the following:

- The root cause(s) of the deficiency;
- The actions/tasks that the Contractor will take to facilitate an expedient return to compliance; and
- The timeframe to finish the CAP

24. Culturally and Linguistically Appropriate Services (CLAS) Standards

The collective set of culturally and linguistically appropriate services (CLAS) mandates, guidelines, and recommendations issued by the United States Department of Health and Human Services Office of Minority Health intended to inform, guide, and facilitate required and recommended practices related to culturally and linguistically appropriate health services (NCHH). Culturally and Linguistically Appropriate Services in Health Care Final Report,

25. Cultural Competence

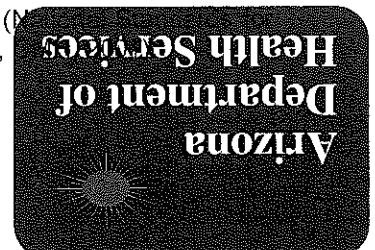


EXHIBIT 1 DEFINITIONS

SOLICITATION NO: ADHS13-00002633

A set of congruent behaviors, attitudes and policies that come together in a system, agency, or among professionals, which enables that system, agency or those professionals to work effectively in cross-culture situations. Culture refers to integrated patterns of human behavior that include the language, thoughts, communications, actions, customs beliefs, values and institutions of racial, ethnic, religious or social groups. Competence implies having the capacity to function effectively as an individual and an organization with the context of the cultural beliefs, behaviors and needs presented by consumers and their communities.

26. Designated Entity

Any ADHS-approved agency or organization authorized to submit oral, written, faxed, or electronic referral requests for SMI eligibility determinations.

27. Enrolled Person; Enrollee

A Title XIX/XXI or Non-Title XIX/XXI eligible person who is enrolled in an ADHS/DBHS program or AHCCCS, as defined in ARS 36-2901; 36-2981; 36-2901.10 and 42 CFR 438.10(a). and recorded in the ADHS Information System as specified by ADHS.

28. Enrollment

The process by which a person becomes an enrollee.

29. Fiscal Year (FY)

The state budget year: July 1 through June 30.

30. Fraud

An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some authorized benefit to the person or some other person. It includes any act that constitutes fraud under applicable federal or state law.

31. Geographic Service Area (GSA)

A GSA is an area that is comprised of specific zip codes or defined grouping. The Contractor is responsible to provide covered services to eligible residents of their contracted GSA 6 (which roughly consists of Maricopa County and some zip codes in Pima County).

32. Grievance System

The Contractor's program that includes a process for complaints, grievances, appeals and access to the state fair hearing system.

33. Health Insurance Portability and Accountability Act (HIPAA)

Health Insurance Portability and Accountability Act ("HIPAA") of 1996 (45 C.F.R. §§ 160.103 and 164.501). HIPAA is a federal law that includes a section on administrative simplification requiring standardization of electronic data interchanges and greater protection of confidentiality and security of health data. The HIPAA Rule contains a number of words and phrases that have specific meaning as applied to the HIPAA Rule. Examples of such words and phrases include, but are not limited to, "treatment," "payment," "health care operations," "designated record set" and "protected health information."

34. Health Information Technology for Economic and Clinical Health Act (HITECH Act)

Health Information Technology for Economic and Clinical Health Act (Title XIII, Subsection D of the American Recovery and Reinvestment Act of 2009 (ARRA). Expands the HIPAA Privacy and Security Rules and increases the penalties for HIPAA violations.

EXHIBIT 1 DEFINITIONS

SOLICITATION NO: ADHS13-00002633

35. Key Personnel

The minimum required key positions required under this scope of work.

36. Material Omission

A fact, data or other information excluded from a report, contract, etc., the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.

37. Member

Means a person that is eligible for or receiving behavioral health services.

38. Non-Title XIX/XXI Funding

Fixed, non-capitated funds, including funds from CMHS, SAPT, County, other funds and State appropriations (excluding state appropriations for state match to support Title XIX and Title XXI programs), which are used to fund services for Non-Title XIX/XXI eligible persons and for medically necessary services not covered by Title XIX or Title XXI programs.

39. Non-Title XIX and Non-Title XXI Person; Non-SMI/Non-Title XIX/XXI

An individual who needs or may be at risk of needing covered behavioral health services, but does not meet Federal and State requirements for Title XIX or Title XXI eligibility.

40. Non-Title XIX/XXI SMI Member

A Non-Title XIX/XXI member who has met the criteria to be designated as Seriously Mentally Ill.

41. Notice to Cure (NTC)

A Notice to Cure (NTC) is a formal written notice to a Contractor regarding specific non-compliance. The NTC contains specific timelines for meeting performance standards and possible penalties for continued non-compliance. An NTC may contain specific activities or reporting requirements that must be adhered to as the Contractor works toward compliance. Failure to achieve compliance as the result of a Notice to Cure may result in the imposition of a Sanction.

42. Provider

A person or entity that contracts with a T/RBHA to provide covered services directly to eligible persons receiving behavioral health services.

43. Provider Network Organization

Means an entity comprised of providers that enroll behavioral health recipients and collectively deliver a continuum of covered behavioral health services throughout Maricopa County to either a specific population (e.g., adolescent) or to all adults, and families pursuant to an individualized, comprehensive service plan.

44. Psychiatrist

A person who is a licensed physician as defined in ARS, Title 32, Chapter 13 or Chapter 17, and who holds psychiatric board certification from the American Board of Psychiatry and Neurology, the American College of Osteopathic Neurologist and Psychiatrist; or the American Osteopathic Board of Neurology and Psychiatry; or is board eligible.

45. Records

All communications related to a patient's physical or mental health or condition in any form or medium and that are maintained for purposes of evaluation or treatment. Records include records that are prepared by a health care provider or by other providers. R

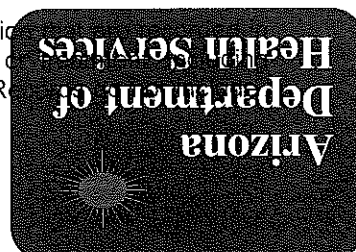


EXHIBIT 1

DEFINITIONS

SOLICITATION NO: ADHS13-00002633

materials that are prepared in connection with utilization review, peer review or quality assurance activities (A.R.S. § 12-2291).

46. Referral

Any oral, written, faxed, or electronic request for behavioral health services made by any person, or person's legal guardian, family member, an AHCCCS health plan, primary care provider, hospital, jail, court, probation and parole officer, tribal government, Indian Health Services, school, or other governmental or community agency.

47. Regional Behavioral Health Authority (RBHA)

An organization under contract with ADHS that administers covered behavioral health services in a geographically specific area of the state.

48. Sanction

A Sanction is a penalty assessed or applied for failure to demonstrate compliance in one or more areas of contractual responsibility. A sanction may take the form of a monetary penalty; an enrollment cap; or other actions as deemed appropriate by ADHS or AHCCCS.

49. Serious Mental Illness (SMI)

A condition of persons who are eighteen years of age or older and who, as a result of a mental disorder as defined in A.R.S. 36-501, exhibit emotional or behavioral functioning which is so impaired as to interfere substantially with their capacity to remain in the community without supportive treatment or services of a long-term or indefinite duration. In these persons, mental disability is severe and persistent, resulting in a long-term limitation of their functional capacities for primary activities of daily living such as interpersonal relationships, homemaking, self-care, employment and recreation.

50. "Shall"

Denotes something that is mandatory.

51. "Should"

Denotes a preference.

52. SMI Eligibility Determination

An SMI eligibility determination means the process, after assessment and submission of required documentation to determine whether a member meets the criteria for Serious Mental Illness. It is an administrative review process in which the standardized SMI eligibility criteria is applied to the information obtained through the intake and the behavioral health assessment, the evaluation and all the relevant treatment records to determine SMI eligibility. The SMI Eligibility Determination Contractor ("Contractor") will be responsible for decisions regarding SMI eligibility determination including all the administrative responsibilities related thereto, and the completion of grievance and appeals matters.

53. SSL (Secured Socket Layer)

A protocol that uses encryption to ensure the secure transfer of data over the Internet.

54. Substance Abuse Prevention and Treatment (SAPT)

Is a federally funded block grant that supports substance abuse prevention and treatment programs in each state.

55. Supplemental Security Income (SSI)

EXHIBIT 1 DEFINITIONS

SOLICITATION NO: ADHS13-00002633

Or SSI-MAO means an eligible individual receiving income through federal cash assistance programs under Title XVI of the Social Security Act who are aged, blind or disabled and who have household income levels at least or below 100% of the Federal Poverty Level (FPL).

56. System Upgrade

Any upgrade or changes to a data collection or information system that may result in disruption to Contractor services.

57. T1

A high-speed data connection capable of transferring signals at up to 1.544 Mbps (megabits per second).

58. Title XIX; TXIX/XXI

Title XIX of the Social Security Act, as amended, is an entitlement program under which the federal government makes matching funds available to states for health and long term care services for eligible low-income individual. This is the Federal statute authorizing Medicaid which is administered by AHCCCS defined in 42 U.S.C. 1396 et seq.

59. Tribal / Regional Behavioral Health Authority; T/RBHA

Is a Native American Indian tribe under Contract with ADHS to coordinate the delivery of behavioral health services to eligible and enrolled persons who are residents of the federally recognized Tribal Nation that is the party to the Contract.

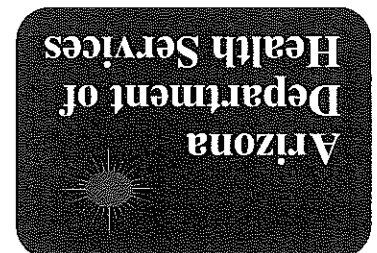


EXHIBIT 2 ACRONYMS

SOLICITATION NO: ADHS13-00002633

Exhibit 2 provides commonly used Acronyms used in this Solicitation. This list is provided for informational purposes only and may not include every Acronym contained in the Solicitation.

Acronym	Name
AAC	Arizona Administrative Code
ADHS	Arizona Department of Health Services
ADHS/DBHS	Arizona Department of Health Services/Division of Behavioral Health
AHCCCS	Arizona Healthcare Cost Containment System
ARS	Arizona Revised Statutes
BH	Behavioral Health
BQMO	Bureau of Quality Management Operations
CAP	Corrective Action Plan
CFR	Code of Federal Regulations
CIS	Client Information System
CLAS	National Culturally Linguistically and Appropriate Service Standards
CMHS	Community Mental Health Services Performance Partnership
CMO	Chief Medical Officer
DBHS	Division of Behavioral Health
DIBR	Documents Incorporated by Reference
EPLS	Excluded Provider List System
FCCR	First Contact Call Resolution Rate
FTP	File Transfer Protocol
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GSA	Geographical Service Area
HHS	Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act
HITECH	Health Information Technology for Economic and Clinical Health Act
ID	Identification
LEIE	List of Excluded Individuals/Entities
MIS	Management Information System
MM/UM	Medical Management/Utilization Management
NACHA	National Automated Clearing House Association
OIG	Office of Inspector General
QM	Quality Management
PM	ADHS/DBHS Provider Manual
PMPM	Per Member Per Month
PNO	Provider Network Organization
RBHA	Regional Behavioral Health Authority
RFP	Request for Proposal
SAPT	Substance Abuse Prevention and Treatment Block Grant
SMI	Serious Mental Illness
SSI	Supplemental Security Income
SSI-MAO	Social Security Income Management Administration Office
SSL	(Secure Sockets Layer) a protocol that uses

EXHIBIT 2 ACRONYMS

SOLICITATION NO: ADHS13-00002633

T1

encryption to ensure the secure transfer of data
over the Internet

A high-speed data connection capable of
transferring signals at up to 1.544 Mbps (megabits
per second)

T/RBHA
ZIP

Tribal Regional Behavioral Health Authority
Zone

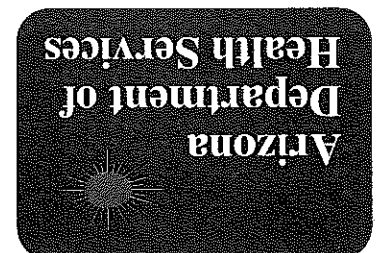


EXHIBIT 3
GSA 6 ZIP CODES

SOLICITATION NO: ADHS13-00002633

85001 85002 85003 85004 85005 85006 85007 85008 85009 85010
85011 85012 85013 85014 85015 85016 85017 85018 85019 85020
85021 85022 85023 85024 85025 85026 85027 85028 85029 85030
85031 85032 85033 85034 85035 85036 85037 85038 85039 85040
85041 85042 85043 85044 85045 85046 85048 85050 85051 85052
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85202 85203 85204 85205 85206 85207 85208 85209 85210 85211
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85271 85274 85275 85277 85280 85281 85282 85283 85284 85285
85286 85287 85289 85290 85295 85296 85297 85298 85299 85301
85302 85303 85304 85305 85306 85307 85308 85309 85310 85311
85312 85313 85318 85320 85322 85323 85326 85327 85329 85331
85335 85337 85338 85339 85340 85342 85343 85345 85351 85353
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85377 85378 85379 85380 85381 85382 85383 85385 85387 85388
85390 85392 85395 85396

EXHIBIT 4
PLEDGE TO PROTECT CONFIDENTIAL INFORMATION

SOLICITATION NO: ADHS13-00002633

Pledge to Protect Confidential Information

CONFIDENTIALITY OF RECORDS:

The Contractor and its employees shall establish and maintain procedures and controls that are in compliance with the Healthcare Insurance Portability and Accountability Act for the purpose of assuring that no information contained in the Department's records or obtained from the Department or from others in carrying out its functions under the contract shall be used or disclosed by it, its agents, officers, or employees. Contractor and its employees understand that the Department's records are declared confidential and privileged by law and they are precluded from disclosing any information from such records to anyone. Any requests for records or record information shall be made in writing to the Department's Manager of Health Registries. Signature of the Contractor and its employees affirms agreement and assures compliance with the confidentiality requirements stated above.

Company Representative, Name, Title, Signature	Date
--	------

Company Representative, Name, Title, Signature	Date
--	------

Employee Printed Name, Title Signature	Date
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Employee Printed Name, Title Signature	Date
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Employee Printed Name, Title Signature	Date
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EXHIBIT 4
PLEDGE TO PROTECT CONFIDENTIAL INFORMATION
SOLICITATION NO: ADHS13-00002633

Pledge to Protect Confidential Information

CONFIDENTIALITY OF RECORDS:

The Contractor and its employees shall establish and maintain procedures and controls that are in compliance with the Healthcare Insurance Portability and Accountability Act for the purpose of assuring that no information contained in the Department's records or obtained from the Department or from others in carrying out its functions under the contract shall be used or disclosed by it, its agents, officers, or employees. Contractor and its employees understand that the Department's records are declared confidential and privileged by law and they are precluded from disclosing any information from such records to anyone. Any requests for records or record information shall be made in writing to the Department's Manager of Health Registries. Signature of the Contractor and its employees affirms agreement and assures compliance with the confidentiality requirements stated above.

Employee Printed Name, Title Signature Date

Employee Printed Name, Title Signature Date

EXHIBIT 5 DELIVERABLES

SOLICITATION NO: ADHS13-00002633

All deliverables are to be submitted to bhscontractcompliance@azdhs.gov and to the programmatic area where noted.

	FREQUENCY	DELIVERABLE NAME	PROGRAM OWNER	SUBMIT TO	DUE DATE
1	Ad Hoc	Status Updates of Administrative Review Corrective Actions	Bureau of Compliance		As determined by DBHS
2	Ad Hoc	Complete and Valid Certification of Insurance (ACORD form or approved equivalent)	Bureau of Compliance		Prior to contract execution and when certificate is renewed
3	Ad Hoc	Copies of All Provider Subcontract Templates	Bureau of Compliance		Upon request, prior to subcontract execution, all subcontracts after execution and, upon any changes to subcontracts.
4	Ad Hoc	Process, plan, policy and procedure changes	Bureau of Compliance		Upon occurrence within thirty (30) days of implementation of change
5	Ad Hoc	Data, Reports and Information for Audits	Bureau of Compliance		Upon request
6	Ad Hoc	Key Personnel Notifications	Bureau of Compliance		Upon request and within 7 days of a change
7	Ad Hoc	Implementation Plan	Bureau of Compliance		Within ten (10) days after contract award date
8	Ad Hoc	Communications Materials	Communications		Upon request
9	Ad Hoc	Report of Instances of Suspected Fraud	Corporate Compliance	Corporate Compliance	Upon occurrence
10	Ad Hoc	Complaint Resolution Response	Customer Service	Customer Service	As specified by ADHS/DBHS
11	Ad Hoc	Administrative Cost Allocation Plan	Finance	Office of Financial Review	Upon Request

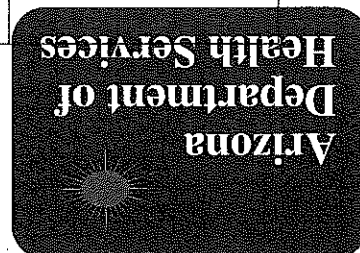


EXHIBIT 5 DELIVERABLES

SOLICITATION NO: ADHS13-00002633

	FREQUENCY	DELIVERABLE NAME	PROGRAM OWNER	SUBMIT TO	DUE DATE
12	Ad HOC	MIS System Review or Audit	Bureau of Compliance		Upon Request
12	Ad Hoc	Other Grievances and Appeals information and reports as requested by ADHS	Grievance and Appeals	Grievance and Appeals	Upon request
13	Ad Hoc	Initial and updated Grievance and Appeal Information	Grievance and Appeals	Grievance and Appeals	Within three (3) working days of an event requiring entry
16	Ad Hoc	Changes in Key Personnel	Office of the Deputy Director	Office of the Deputy Director	Within seven (7) days of notification of intended resignation or change
17	Ad Hoc and Annually	Training Curriculum	Training		Forty-five (45) days after fiscal year end
18	Annually	Quality Management Plan	BQMO		December 31 st of each contract year
19	Annually	Business Continuity/Recovery Plan	Bureau of Compliance		October 10th
20	Annually	Subcontractor Assignment and Evaluation Report	Bureau of Compliance		Ninety (90) days after start of the contract year
21	Annually	Current personnel organizational chart	Bureau of Compliance		Within fifteen (15) days after the start of the contract and upon request.
22	Annually	Collaborative Protocols with Business Partner	Bureau of Compliance		December 31
23	Annually	Year to date List of employees and Subcontractors names that have been checked against the Excluded Parties List System (EPLS) and the HHS-OIG List of Excluded providers	Corporate Compliance	Corporate Compliance	December 31
24	Annually	Contractor Audited Financial Statements	Finance	Office of Financial	120 days after the Contractor's year end

EXHIBIT 5 DELIVERABLES

SOLICITATION NO: ADHS13-00002633

	FREQUENCY	DELIVERABLE NAME	PROGRAM OWNER	SUBMIT TO	DUE DATE
				Review	
25	Annually	Administrative Cost Allocation Plan	Finance	Office of Financial Review	August 1 st
26	Annually	Audited Financial Statements	Finance	Sherman FTP Server	One hundred twenty days (120) days after contract year end
27	Monthly	Enrollee Grievance Report	BQMO		Fifteenth (15 th) day after month end
28	Quarterly	Financial Statement Reporting Package (E-Statement)	Finance	Sherman FTP Server	Forty-five (45) days after quarter ends

EXHIBIT 6
DOCUMENTS INCORPORATED BY REFERENCE (DIBRs)
SOLICITATION NO: ADHS13-00002633

The following list contains the Documents Incorporated by Reference (DIBR) located in the Scope of Work. The documents listed in this Exhibit can be found in the Offeror Library at <http://www.azdhs.gov/procurement/rfps.htm>.

- 6.1 ADHS Accounting and Auditing Procedures Manual
- 6.2 ADHS DBHS Policy and Procedure Manual
- 6.3 ADHS DBHS Provider Manual Template
- 6.4 AHDHS DBHS Bureau of Quality Operations Specification Manual
- 6.5 ADHS DBHS Office of Grievance and Appeals Docket Tracking Application User's Guide
- 6.6 Arnold v. Sarn Agreement May 2013
- 6.7 CIS File Layouts and Specifications Manual
- 6.8 JK v. Humble Court Orders
- 6.9 Superior Court Administrative Order, Procedures to Share Identifying Information for Individuals with SMI

EXHIBIT 7

INFORMATIONAL DOCUMENTS

SOLICITATION NO: ADHS13-00002633

FY11- FY12 Geographic Service Area 6 Determination Data

RBHA Name	FYQ	Total Determinations	Determined SMI	Determined Non-SMI Due to Diagnosis	Determined Non-SMI Due to Functional Impairment
GSA 6 - Magellan	2011Q1	969	333	453	183
GSA 6 - Magellan	2011Q2	768	255	377	136
GSA 6 - Magellan	2011Q3	754	277	352	125
GSA 6 - Magellan	2011Q4	747	299	335	113
SA 6 Magellan	FY2011	3238	1164	1517	557
GSA 6 - Magellan	2012Q1	1221	432	588	201
GSA 6 - Magellan	2012Q2	1223	449	589	185
GSA 6 - Magellan	2012Q3	1264	469	585	210
GSA 6 - Magellan	2012Q4	1402	508	636	258
GSA 6 - Magellan	FY2012	5110	1858	2398	854

EXHIBIT 7
INFORMATIONAL DOCUMENTS
SOLICITATION NO: ADHS13-00002633

Fund Source	FYQ	Total Determinations		Determined SMI		Determined Non-SMI Due to Diagnosis		Determined Non-SMI Due to Functional Impairment	
NON-TXIX	2011Q1	308	32%	112	34%	130	29%	66	36%
TXIX	2011Q1	660	68%	220	66%	323	71%	117	64%
TXXI	2011Q1	1		1		0		0	
	Q1 Total	969		333		453		183	
NON-TXIX	2011Q2	145	19%	55	22%	69	18%	21	15%
TXIX	2011Q2	621	81%	199	78%	307	82%	115	85%
TXXI	2011Q2	2		1		1		0	
	Q2 Total	768		255		377		136	
NON-TXIX	2011Q3	116	15%	47	17%	46	13%	23	18%
TXIX	2011Q3	638	85%	230	83%	306	87%	102	82%
TXXI	2011Q3	0		0		0		0	
	Q3 Total	754		277		352		125	
NON-TXIX	2011Q4	118	16%	54	18%	47	14%	17	15%
TXIX	2011Q4	629	84%	245	82%	288	86%	96	85%
TXXI	2011Q4	0		0		0		0	
	Q4 Total	747		299		335		113	
	FY2011 Total	3238		1164		1517		557	
NON-TXIX	FY2011 Total	687	21%	268	23%	292	19%	127	23%
TXIX/TXXI	FY2011 Total	2551	79%	896	77%	1225	81%	430	77%
NON-TXIX	2012Q1	465	38%	167	39%	213	36%	85	42%
TXIX	2012Q1	756	62%	265	61%	375	64%	116	58%

EXHIBIT 7

INFORMATIONAL DOCUMENTS

SOLICITATION NO: ADHS13-00002633

TXXI	2012Q1	0		0		0		0	
	Q1 Total	1221		432		588		201	
NON-TXIX	2012Q2	602	49%	202	45%	302	51%	98	53%
TXIX	2012Q2	619	51%	246	55%	286	49%	87	47%
TXXI	2012Q2	2		1		1		0	
	Q2 Total	1223		449		589		185	
NON-TXIX	2012Q3	717	57%	249	53%	342	58%	126	60%
TXIX	2012Q3	546	43%	219	47%	243	42%	84	40%
TXXI	2012Q3	1		1		0		0	
	Q3 Total	1264		469		585		210	
NON-TXIX	2012Q4	865	62%	282	56%	417	66%	166	64%
TXIX	2012Q4	537	38%	226	44%	219	34%	92	36%
TXXI	2012Q4	0		0		0		0	
	Q4 Total	1402		508		636		258	
	FY2012 Total	5110		1858		2398		854	
NON-TXIX	FY2012 Total	2649	52%	900	48%	1274	53%	475	56%
TXIX/TXXI	FY2012 Total	2461	48%	958	52%	1124	47%	379	44%

EXHIBIT 8**SMI ELIGIBILITY DETERMINATIONS FY11 AND FY12 FOR GSA 6****SOLICITATION NO: ADHS13-00002633****GSA 6 SMI Eligibility Determinations
FY2011 and FY2012**

RBHA Name	FYQ	Total Determinations	Determined SMI	Determined Non-SMI Due to Diagnosis	Determined Non-SMI Due to Functional Impairment
GSA 6 - Magellan	2011Q1	969	333	453	183
GSA 6 - Magellan	2011Q2	768	255	377	136
GSA 6 - Magellan	2011Q3	754	277	352	125
GSA 6 - Magellan	2011Q4	747	299	335	113
GSA 6 - Magellan	FY2011	3238	1164	1517	557
GSA 6 - Magellan	2012Q1	1221	432	588	201
GSA 6 - Magellan	2012Q2	1223	449	589	185
GSA 6 - Magellan	2012Q3	1264	469	585	210
GSA 6 - Magellan	2012Q4	1402	508	636	258
GSA 6 - Magellan	FY2012	5110	1858	2398	854

EXHIBIT 9
GRIEVANCE AND APPEALS QUARTELY REPORT
SOLICITATION NO: ADHS13-00002633

Grievance and Appeals Quarterly Report

December 31, 2012

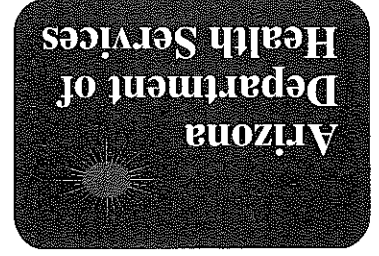


EXHIBIT 9

GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

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EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Quarterly Docket Count (Last 4 Quarters)

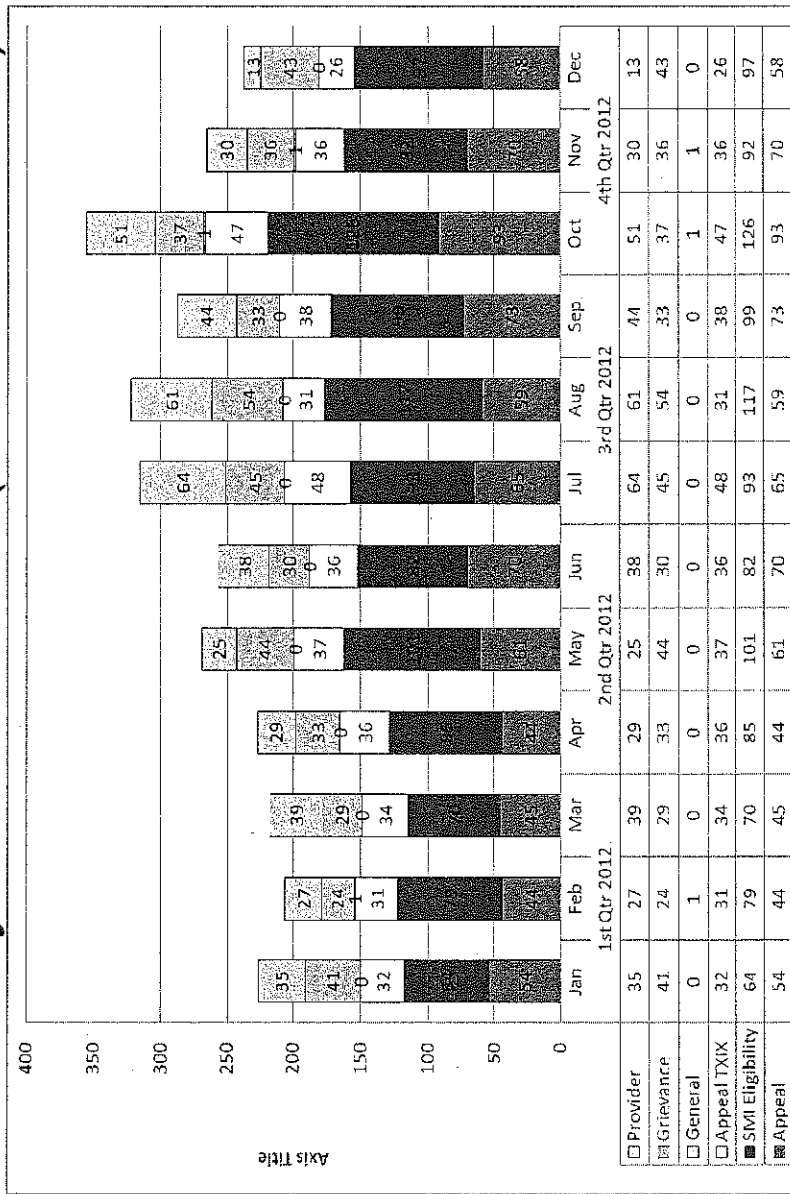


EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Grievance Comparison Chart

Compare Grievance Filed vs. Grievance Filed Minus Splits vs. Assign for Investigation

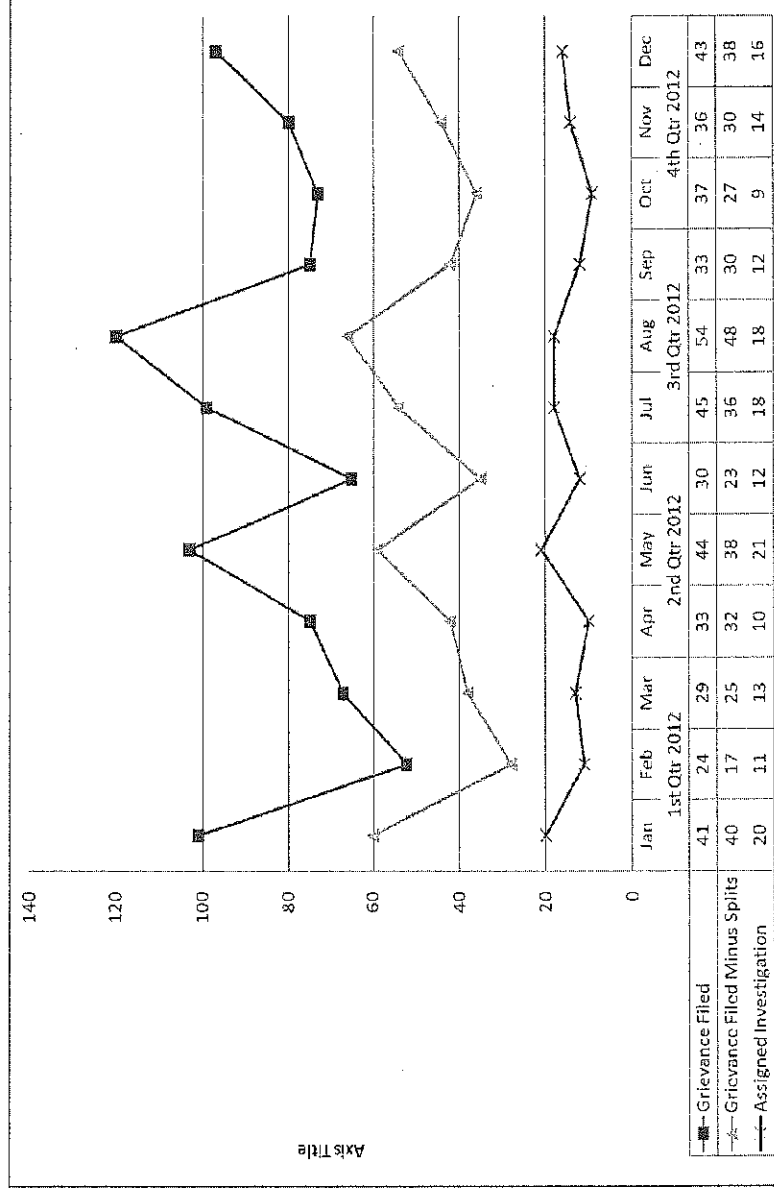


EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Grievances Filed Per Clinic

Provider MIS	Dockets	# of Consumers	% of Consumers Filing per site	Enrollment as of 1/8/2013
MARICOPA RBHA DCC COMUNIDAD	8	8	1.272%	629
MARICOPA RBHA DCC HIGHLAND	7	7	1.163%	602
MARICOPA RBHA DCC TOWNLEY	14	11	0.790%	1392
MARICOPA RBHA DCC EAST VALLEY	7	7	0.472%	1483
MARICOPA RBHA DCC ARCADIA CTR	8	7	0.463%	1511
MARICOPA RBHA DCC OSBORN	6	4	0.434%	921
MARICOPA RBHA DCC HAMPTON	4	3	0.395%	759
MARICOPA RBHA DCC TEMPE ENCLAVE	8	5	0.389%	1286
MARICOPA RBHA DCC SAN TAN	3	3	0.346%	868
MARICOPA RBHA DCC CAPITOL	2	2	0.341%	586
MARICOPA RBHA DCC BETHANY VILLAGE	4	4	0.336%	1190
MARICOPA RBHA DCC METRO CTR	4	4	0.293%	1366
MARICOPA RBHA DCC SAGUARO	4	4	0.288%	1390
MARICOPA RBHA DCC WEST MCDOWELL	5	2	0.271%	737
HA DCC MIDTOWN	2	2	0.235%	851
HA DCC WEST VLY	5	2	0.152%	1317
HA DCC SOUTH CTRL	1	1	0.131%	764
HA DCC CENTRO ESPERANZA	1	1	0.117%	855
HA DCC GARDEN LAKES	2	1	0.116%	861
HA DCC WICKENBURG	0	0	0.000%	69
	95	78	0.401%	19,437

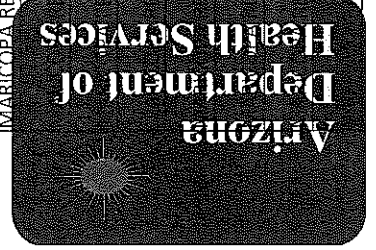


EXHIBIT 9
GRIEVANCE AND APPEALS QUARTELY REPORT
SOLICITATION NO: ADHS13-00002633

Grievance Analysis

We reviewed the grievances filed for the top three clinics. None of those grievances were substantiated.

EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

SMI Eligibility

Count of Docket	4th Qtr 2012			Grand Total
Decision	Oct	Nov	Dec	
Decision Upheld	93	60	18	171
Other	2	1	1	4
Resolved SMI	19	10	2	31
Screen Out	0	0	4	4
Withdrawn	5	7	1	13
Work In Progress	7	14	71	92
Grand Total	126	92	97	315

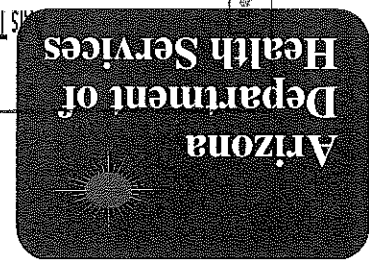
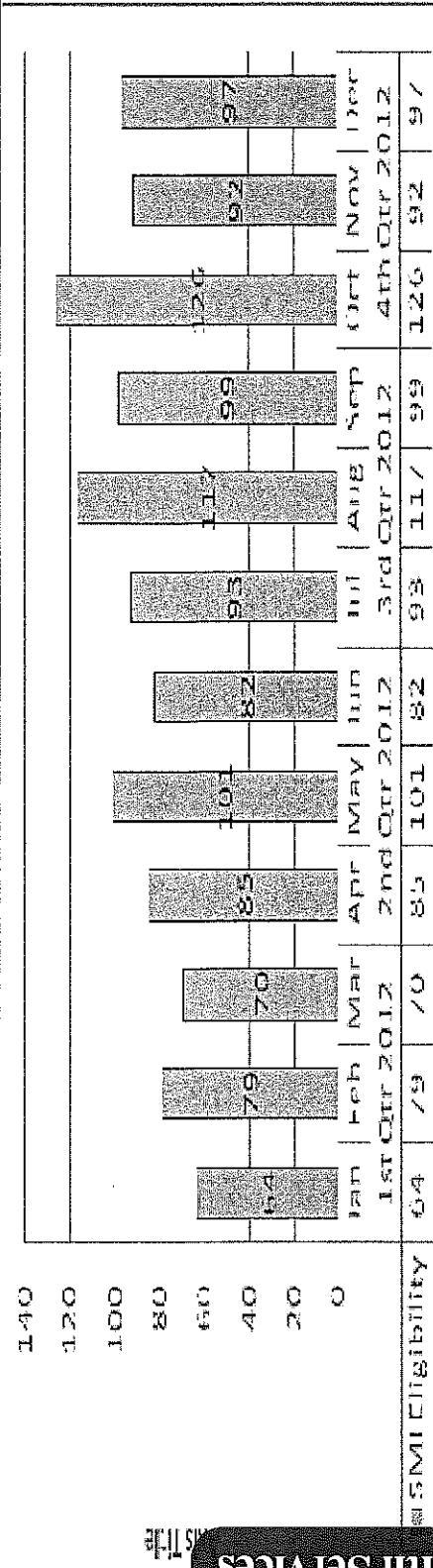


EXHIBIT 9
GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

4th Quarter 2012 SMI Eligibility Analysis

As noted in the last report, SMI eligibility appeals continue to increase. The SMI eligibility determination team recently added a psychologist to review evaluations. The additional staff member allows our department to return to the face to face informal conference project piloted last September.

EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

SMI Treatment Appeal Docket Count (Last 4 Quarters)

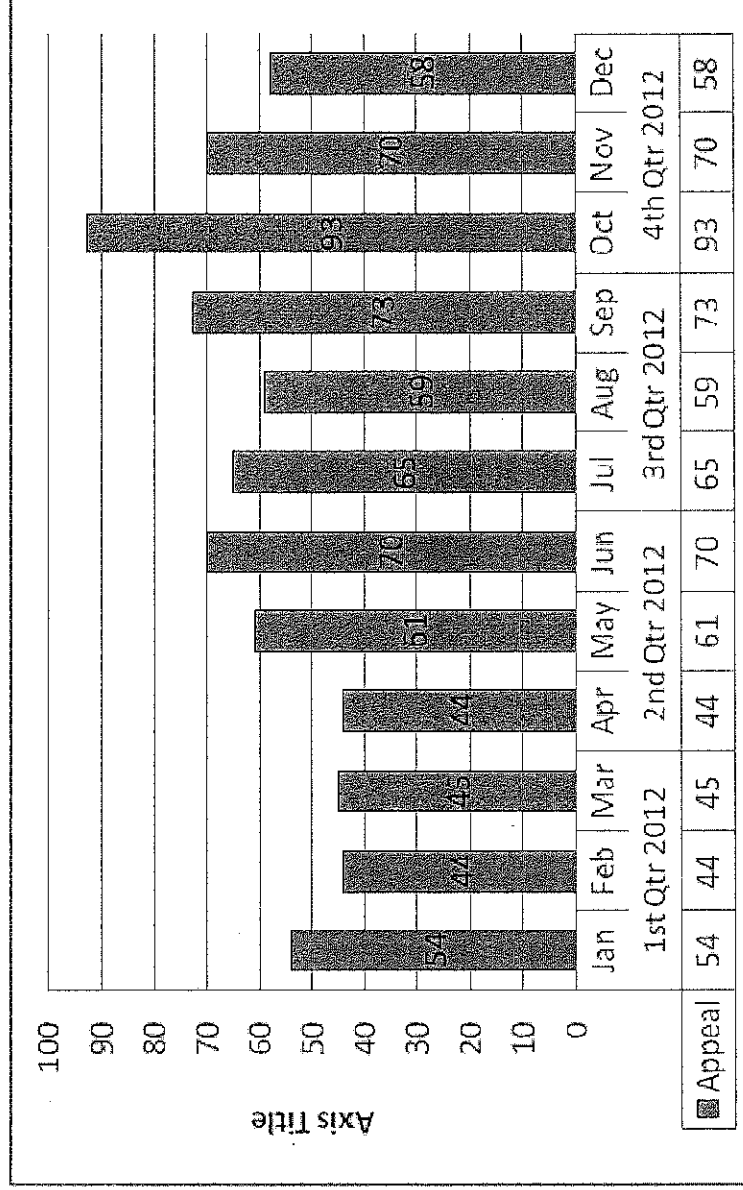


EXHIBIT 9
GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

SMI Treatment Appeal Analysis

The top four issues appealed last quarter include:

1. Disagreement-residential treatment services (51)
2. Disagreement-multiple services (25)
3. Denial by clinical team-change of team member(s) (18)
4. Disagreement-housing services (18)
5. Denial by clinical team--change of clinic (14)

- 'Disagreement – Other Services' dropped from number three in the previous quarter to number eight.
- 'Other' dropped from number two in the previous quarter to number six.
- 'Disagreement-residential treatment services' had the biggest increase from the previous quarter (increase of 33 dockets). The Magellan Utilization Management team was consulted regarding the increase. They report an increase in requests and denials; however, they are unclear why.

EXHIBIT 9

GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

TXIX Appeal Quarterly Docket Chart (Last 4 Quarters)

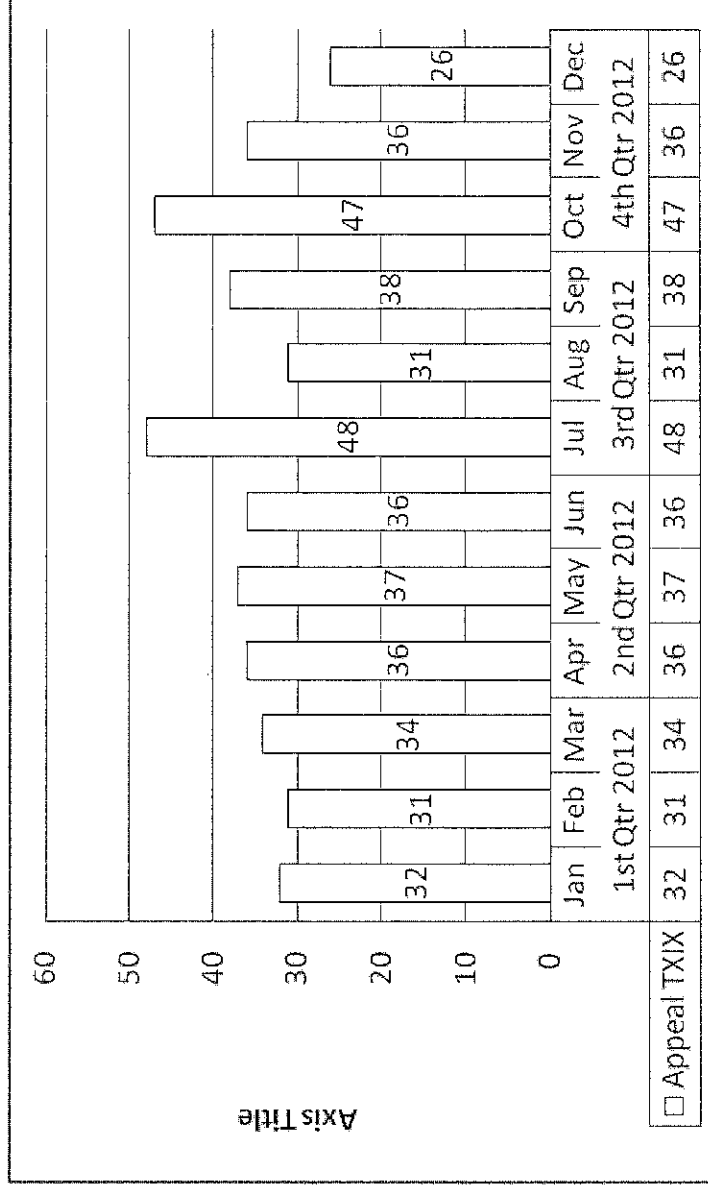


EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

TXIX Appeal Analysis/Filing Party for Children's Services

Count of Docket Relationship	Type of Treatment	Month			
		Oct	Nov	Dec	Grand Total
DES-ACYF/CPS	BH Day Prog - Therapeutic Day Program	1	0	0	1
	IP Svcs - Hospital	2	1	1	4
	IP Svcs - Residential Treatment Center	8	4	3	15
	Resid Svcs - Level II Residential TGH	4	1	5	10
	Support Svcs - HCTC	1	3	1	5
	Support Svcs - Supported Housing	1	0	0	1
DES-ACYF/CPS Total		17	9	10	36
Other	Med Svcs - Medication Services	1	0	0	1
Other Total		1	0	0	1
Parent/Legal Guardian	IP Svcs - Hospital	0	1	1	2
	IP Svcs - Residential Treatment Center	4	1	3	8
	Med Svcs - Medication Services	4	2	1	7
	Resid Svcs - Level II Residential TGH	2	1	0	3
	Resid Svcs - Level III Residential GH	0	0	1	1
	Support Svcs - Case Management	0	1	0	1
	Support Svcs - HCTC	1	1	0	2
	Support Svcs - Unskilled Respite Care	0	1	0	1
	Tx Svcs - Counseling and Therapy	2	0	1	3
	Tx Svcs - Other Professional	0	0	1	1
Parent/Legal Guardian Total		13	8	8	29
Grand Total		31	17	18	66

EXHIBIT 9
GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Title XIX Analysis

Our last report speculated that the increase in residential treatment center ("RTC") appeals, represented in the 3rd quarter, was directly related to an increase in requests. The Magellan UM department indicated an increase in requests is common for the summer months. Our review of data for the 4th quarter appears to support this assumption. Appeals filed in the 4th quarter specific to the denial of residential treatment centers decreased by 31 dockets (17%).

EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Quarterly Provider Claim Dispute Count (Last 4 Quarters)

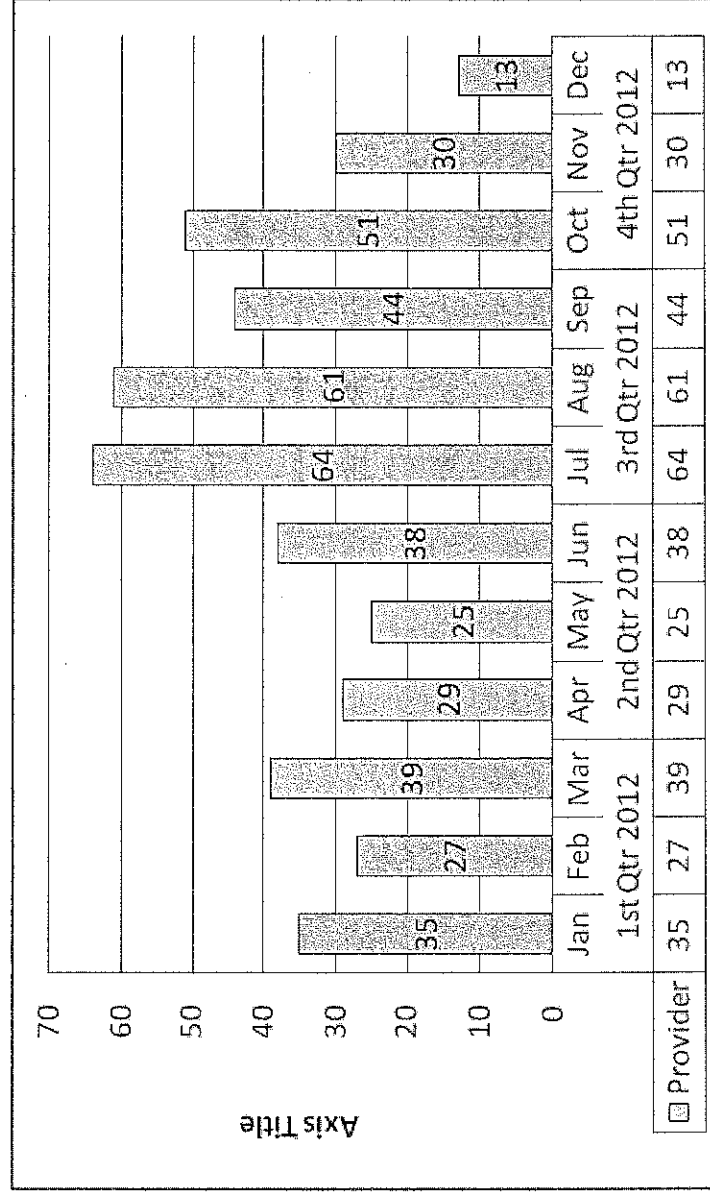


EXHIBIT 9 GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Provider Claim Analysis

Count of Docket	4th Qtr 2012				Grand Total
Provider MIS	Oct	Nov	Dec		
AURORA BHVRL HLTH SYST LLC	33	14	0		47
BANNER HEALTH SYSTEMS	4	4	10		18
ST LUKES BHVRL HLTHCTR MAIN SITE	6	1	1		8
VALLEY HOSPITAL	1	6	0		7
WEST YAVAPAI GUIDANCE CLINIC	4	0	0		4
Grand Total	48	25	11		84

^{1st} Quarter 2012 = 61
^{2nd} Quarter 2012 = 53
^{3rd} Quarter 2012 = 143
^{4th} Quarter 2012 = 73

- The number of inpatient claim disputes filed this quarter decreased from 143 to 73. Also, we note that filings decreased from 48 in October to 11 in December.
- The fluctuations in the number of filings over the past two quarters are largely due to one provider, Banner. Banner filed 100 claim disputes in the 3rd quarter and 18 in the 4th quarter.
- As far as we have been able to determine, the Banner fluctuations are due to Banner claim dispute filing practices.
- We are continuing to work with Banner on an informal process to resolve clinical disagreements regarding medical necessity.

EXHIBIT 9
GRIEVANCE AND APPEALS QUARTELY REPORT

SOLICITATION NO: ADHS13-00002633

Frequent Filers

Frequent filers are defined as a single member filing five or more grievances/appeals in a quarter. Three members met this threshold. Their respective clinical teams were notified and asked to review their treatment plans to determine the reason for the increased activity.

EXHIBIT 10
FY12 SMI EXTENSIONS GSA 6
SOLICITATION NO: ADHS13-00002633

RBHA Name	Year	Month	Total 20-Day Extensions	Total 90-Day Extensions
GSA 6 - Magellan	2011	July	20	14
GSA 6 - Magellan	2011	Aug	27	15
GSA 6 - Magellan	2011	Sept	14	16
GSA 6 - Magellan	2011	Oct	26	4
GSA 6 - Magellan	2011	Nov	17	7
GSA 6 - Magellan	2011	Dec	22	9
GSA 6 - Magellan	2012	Jan	32	8
GSA 6 - Magellan	2012	Feb	24	5
GSA 6 - Magellan	2012	Mar	17	2
GSA 6 - Magellan	2012	Apr	13	9
GSA 6 - Magellan	2012	May	26	10
GSA 6 - Magellan	2012	June	16	7

Magellan
Total SMI Evaluation Extensions by Type
During FY12

